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East Europe Report



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27 January 1986

EAST EUROPE REPORT

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AGRICULTURE

POLAND

BRIEFS

MALINOWSKI ON FARMING PROFITABILITY--"I want to state that in spite of all the discussions the principle of farming profitability is and must be realized. The profitability of this production should be of interest to the whole society, because among others, this is what the growth of the food production depends on. In the same way, the farmer should be interested in the profitability of the means of production, because only then will those be produced in sufficient quantities. No country has attained food self-sufficiency while having low profitability of farm production, low income of farmers, and disparity between the income of the farming and non-farming population." [Roman Malinowski, president of NK ZSL, deputy prime minister] [Text] [Warsaw POLITYKA in Polish 12 Oct 85 p 2] 12470/13046

STATE OBLIGATIONS TO FARMER--There should not be any trouble with delivering the grain, or with spare parts for farming machines. Because of lack of a stupid belt for the combine-harvester, I have lost a whole day. There is no reason to cry, because we have it good. A farmer sits on the combine and pushes the grain with his leg. But since the government is demanding from us and we recognize our obligation towards the government, namely, to feed the people, then we should also be spared such troubles which are only the result of somebody's laziness and incompetence. [Wladyslaw Cybulski - farmer] [Text] [Warsaw PRZEGLAD TYGODNIOWY in Polish 15 Sep 85 p 5] 12470/13046

CSO: 3600/113

ECONOMY

INTERNATIONAL AFFAIRS

PARTICIPATION IN CEMA INTEGRATION HIGH PRIORITY FOR CSSR

Prague HOSPODARSKE NOVINY in Czech No 33, 1985 p 3

[Article by Eng. Milos Prochazka, Foreign Trade Institute: "On Protocols on Exchange of Goods with CEMA Countries"]

[Text] Economic cooperation and CSSR foreign trade with CEMA members within its framework are in this year marked by a number of important factors. First, this is the last year of the 5-Year Plan; its results projected into sales will greatly influence the implementation of exchange of goods in the 5-year period. Also in this year, intensive negotiations between CEMA planning agencies on coordination of economic plans, and on closing consultative protocols for 1986-1990 in conjunction with the conclusions of CEMA economic conference of 1984 are taking place. In accordance with the coordination of plans, new long-term trade agreements for the next 5-year plan will also be concluded this year which in their impact are a starting point for further development of socialist economic integration. The contracted protocols on mutual exchanges of goods and payments for 1985 therefore are of exceptional importance for every CEMA member, and thus also for the CSSR.

This year should further intensify the participation of our economy in the process of socialist economic integration. The CEMA countries' share in CSSR foreign trade in 1984 reached 73 percent and the share of USSR came out as 45 percent. These high shares together determine the structure of our economy and its effectiveness in export.

It appears that for a further development of CSSR economy it is necessary to enforce consistently the priority foreign economic relationships with the socialist countries, especially the CEMA members. First, it is necessary to realize long-term agreements on specialization and cooperation with USSR, similar agreements with other CEMA countries, the objectives of the long term target programs of cooperation, the projects of the agreed plan of multilateral integration measures, projects of bilateral integration, to seek a more effective economic, legal and organizational system of agreements on specialization of production and cooperation and to coordinate investment policies with CEMA countries.

A Warning Signal

How do the results of trade-political negotiations with the socialist countries stipulated in the protocols for this year fulfill these tasks? The extent of integration of our economy into the international socialist division of labor is virtually determined by the dynamics of the growth of sales negotiated in the protocols. In accordance with the results of negotiations it is assumed that CSSR trade with socialist countries will increase in 1985 in comparison with the protocols for 1984 5.7 percent in current prices, of which our export constitutes 8.2 percent and import 3.4 percent. Increased growth of exports is directed mainly to USSR where it shows a trend of 8.4 percent, while imports are increasing by 5.1 percent. As compared to the long-term trade agreements for this year, the yearly protocols stipulate an increase of sales of 7.3 percent (exports 6.2 percent, imports 8.3 percent). The higher rate of exports increase as compared to imports is motivated by an effort to maintain a gross balance-of-payments relation. The achieved trends of increase document that foreign trade with socialist countries maintains its satisfactory development.

The composition of exchange of goods with CEMA countries, negotiated in the protocols for 1985 does not show any substantial changes in comparison with the structure of the 1984 protocols and the long term agreements for the current year, as appears from the following statistics:

Commodity structure of CSSR exports and imports with CEMA countries (in percent):

Group of goods according to CEMA nomenclature	Protocols 1984	Long term agreements 1985	Protocols 1985
Total exports	100.0	100.0	100.0
I. Machinery and equipment	67.3	69.1	67.9
II. Raw materials, semi-finished products and materials	14.8	15.3	14.8
III. Livestock, agricultural and food industry: raw materials and products	1.3	0.8	1.3
V. Industrial consumer goods	16.3	14.7	15.7
Other	0.3	0.1	0.3

Group of goods according to CEMA nomenclature	Protocols 1984	Long term agreements 1985	Protocols 1985
Total imports	100.0	100.0	100.0
I. Machinery and equipment	34.6	33.6	34.2
II. Raw materials, semi-finished products and materials	55.7	58.3	55.6
III., IV. Livestock, agricultural and food industry: raw materials and products	3.9	3.1	3.6
V. Industrial consumer goods	5.2	4.9	5.8
Other	0.6	0.1	0.8

Regarding exports, the machinery products retain their leading position: especially in trade with the USSR, their share being almost 70 percent, they have a decisive influence on the composition of our deliveries. Second place is held by consumer goods of industrial character; they are acquiring increasing significance in Soviet trade, having a share of almost 18 percent. Regarding imports, deliveries of raw materials, fuels, energy and materials, which are again significant in trade with the USSR, retain their leading position; they have a share of more than 80 percent out of the overall Soviet imports to the CSSR.

If we compare the commodity composition of trade with individual CEMA members, we discover above all that the role of the USSR in foreign economic relations is irreplaceable. With regard to other socialist European countries the commodity structure is approximately balanced; this is related to the equalization of standards of national economies of individual countries and to the intensification of industrial specialization and cooperation.

At the same time the structural balance of mutual supplies of goods is a warning signal testifying that a portion of machinery production which in past years has been traditionally exported to socialist countries in meeting with increasing difficulties in sales. These difficulties are both objective, resulting from the economic and budget problems of our partners, savings-related programs and changes in investment policies; and subjective, resulting from consumers' high requirements for quality, technical parameters, delivery time and the extent and quality of service. Both CSSR foreign trade and manufacture face the task of consistently developing the socialist countries' markets and researching and analyzing their needs and potential.

Until Now Trade Has Involved a Limited Range of Products

An important element in the CSSR's participation in integration is specialization of production and cooperation which are being realized at an increasing pace, primarily in the machinery industry, including electro-technics; but, recently, also in the chemical, agriculture, food and

light industries. CSSR or Czechoslovak organizations are at this time party to 405 binding specialization and industrial cooperation agreements, of which 269 are bilateral and 136 multilateral, with CEMA members.

CSSR participation in international specialization and industrial cooperation within the CEMA in the last year as compared to the protocols concluded for 1985 is shown in the following table:

Specialized and cooperative production in CSSR foreign trade (share in import and export in percent)

	1984 reality	1985 protocols
CSSR exports		
Share of CSSR exports of specialized and cooperative production in total exports to CEMA	28.1	35.9
Share of CSSR exports of specialized and cooperative machinery production in total exports to CEMA	38.6	47.2
CSSR imports		
Share of CSSR imports of specialized and cooperative production in total imports from CEMA	12.6	16.4
Share of CSSR imports of specialized and cooperative machinery production in total imports from CEMA	31.1	38.3

The figures show that both export and import of specialized and cooperative production together, as well as export and import of specialized and cooperative machinery products to and from CEMA countries in 1985 show a trend of increasing. As compared to 1984, Czechoslovak deliveries in the current year on the basis of specialization and cooperation increased by almost 12 percent and purchases 6 percent from which our exports produced in the framework of multilateral specialization and cooperation are growing by almost 16 percent, and imports by more than 7 percent.

Unused opportunities

The impact of specialization and cooperation for some of our products is such that it determines the extent and nomenclature of their export to CEMA countries. So, for instance, the share of specialized production in export of ball bearings amounts to 93.4 percent, metallurgical equipment 76.7 percent, medical instruments and tools 75 percent, transportation 62.6 percent, etc. But a serious shortcoming of this progressive form of international economic

cooperation is that as a whole it extends only to a narrow range of CSSR products and exports and so does not determine the structure and volume of our production and supplies to member states of the council. Imports show an even smaller share and impact of specialization and cooperation. The USSR has a decisive share of the total volume of our specialized and cooperative production (56.7 percent).

In spite of the overall positive trend, it is necessary to state that specialization and cooperation are so far only in the initial stage of their development, and their actual potential has not yet been utilized either in production which is their center of gravity or in foreign trade. Our participation in specialization and cooperation presupposes solution of a number of systemic and material problems. It is necessary, for instance:

- to focus on specialization and cooperation in manufacture of production centers, aggregates and parts of machinery and equipment; this, however, requires concentration of their production and changes in capacities and structure of the production base; it is necessary to make these changes by reducing and, in some cases eliminating non-progressive production programs. One of the important conditions for changes in the production base is a thorough knowledge of needs and possibilities of our partners;

- to develop a programmed approach toward specialization and cooperation in production oriented toward solution of central problems of scientific-technical development, toward reconstruction of the national economy, and improvement of quality and technical standards of production;

- to introduce into use a system of mutually coordinated economic and organizational measures both within the individual CEMA members (thus also in CSSR) and in the managing system of international economic cooperation.

An important form of intensification of socialist integration is the negotiation and realization of the plan of multilateral integration measures. For the years 1981-1985 the plan counts with the completion of some projects started in the preceding 5-Year Plan and sets up further multilateral integration projects.

Part of the plan also constitutes 14 measures focused on production specialization and cooperation in priority areas.

The expected supplies in export and import for the mentioned integration projects for 1985 are secured for this year by contracted quotas. However, it is necessary to take into account the fact that--even though these are important integration measures focused from the viewpoint of CSSR economy on exports of primarily machinery and on securing necessary fuel, energy and raw material imports--the value of mutual supplies amounts to only 7 percent of the total CSSR sales to CEMA members.

Conclusions of the economic consultation

A new stage in the development of the socialist economic integration was marked by a top-level economic consultation between CEMA members in June 1984.

It also adopted a number of goals with respect to mutual trade between CEMA countries.

The implementation of goals for foreign trade originating in the measures adopted by the top level economic consultation is being secured in the framework of the CEMA Permanent Commission for foreign trade and organizations for foreign trade of individual countries. The primary goals of the Czechoslovak foreign trade in this year are the following:

- development of mutual exchanges of goods with CEMA countries above and beyond the framework of the valid long term trade agreements;

- active participation by foreign trade officials in negotiations of the State Planning Commission about the coordination of the economic plans for 1986-1990;

- concluding new long-term trade agreements for the stated period in conjunction with the coordination of plans;

- contracting of long-term treaties concerning supplies of equipment with long-term production cycle;

- working at measures to increase the effectiveness of work in the sector of specialization and cooperation of production;

- creation of conditions stimulating the development of direct relations with other CEMA members;

- improvement of the exchange and finance system in international economic relations with CEMA members;

- improvement in the formation of contracted prices in trade with CEMA countries, including prices for specialized and cooperative production and business and technical service;

- creation of conditions conducive to closer integration of national structures of the economic mechanisms in individual countries.

The stated tasks concerning mutual goods exchanges are already anchored in the annual protocols for 1985. In the framework of the CEMA agencies the method of calculating the contract prices for 1986-1990 has also been agreed upon already.

Now the issue is ensuring the temporal, material and organizational implementation of the results of coordination of economic plans for the new 5-Year Plan period in new long-term trade agreements, which should be concluded by the end of this year.

In the long term the participation of Czechoslovak economy in the international socialistic division of labor should be further intensified, while foreign trade should actively work toward a gradual structural change of our production in the direction of a greater responsiveness to the needs and requirements of the socialist countries, especially the USSR.

12634/12828

CSO: 2400/6

ECONOMY

INTERNATIONAL AFFAIRS

CEMA LIGHT INDUSTRY COOPERATION

Warsaw RZECZPOSPOLITA in Polish 23 Oct 85 p 2

[Article by (kos): "Conference of the CEMA Commission"]

[Text] The 45th session the CEMA Standing Commission for Cooperation in Matters of Light Industry convened on 22 Oct 85 in Bielsko Biala. Representatives of: Bulgaria, CSSR, Cuba, Mongolia, GDR, Romania, Vietnam, Hungary, USSR and Poland participated. The main issue of the 4 day deliberations will be an evaluation of the results attained by resolutions made at the summit level of CEMA member nations, at which demands for higher productivity and improvements in product quality were made upon light industries. The commission is expected to approve a 5-year cooperative scientific research program for the textile, knitting, garment, leather shoe, furniture and graphic industries covering the 1986-1990 year period.

The opening day of the 45th conference was devoted to a plenary session. Discussions centered around the 5 year cooperative program which will be approved within a few days after its refinement by editing staffs. The purpose of this program is to stimulate cooperation among the light industries of the socialist countries to a point where they would meet the requirements of their respective countries to the fullest degree possible. The aim of this document is to regulate efforts designed to increase productivity, improve product quality and design, as well as to promote planning which will eventually free them from dependency upon imports and expenditures for additional machinery replacement parts. Particularly important in this situation are contacts which can provide technical know-how and which we intend to expand significantly.

Methods for the involvement of other countries in the project to update the light manufacturing industries of Mongolia, Vietnam and Cuba were also discussed. A statement was made to a reporter of RZECZPOSPOLITA by a member of the delegation, deputy minister of chemical and light industries, Eugenjusz Zarzycki, that Poland, as an example, proposed to supply Mongolia technical equipment, dyes for its leather industry, offered educational potentials available in Poland and the assistance of Polish wool sorting experts in exchange for their finished products.

In an attempt to acquaint the foreign guests with the light manufacturing products of the Bielsko province, an exhibit has been prepared at the woolen industry facility "Bawelna." The exhibit also displayed auxiliary systems including spare parts manufactured in our country and products offered for export. The pressing machines, automation, various mechanical equipment and the plant conveyor systems should be of particular interest.

12306/7051

CSO: 2600/117

ECONOMY

BULGARIA

PUBLIC TRANSPORTATION IN SOFIA NEEDS EXPANSION, MODERNIZATION

Sofia VECHERNI NOVINI in Bulgarian 3 Nov 85 p 3

[Article by Tanya Chervenкова: "Still in First Gear"]

[Text] Specialists point out that during the last few years the mobility of the capital's population has perceptibly increased. This interesting observation means that a resident of Sofia today rides the bus, trolleybus or tram more often, and is more dependent on public transportation. This tendency is a natural result of a more dynamic way of life: a city with one million residents grows, adds new districts, stores, cultural institutes, places of leisure, and the possibilities for traveling grow. During the last few years some express bus lines have been opened for residents of housing blocks, certain tram routes have been extended, but still mass transport now fits like tight clothing on a large city, it still has not managed to keep stride with the general growth.

A "Picture" in Motion

Let us take a look at transportation in the capital, as we see it every day now.

At the Al. Zhendov stop, buses for Orlov Most and downtown have not come for close to 20 minutes. And although this is rush hour (7:15 am), a lot of people gather there, waiting, around 50 people, all looking toward where the busses they are waiting for, Nos 4, 13, 80, 105, and 106, are coming from. The busses are of course coming, but it is not necessary to describe precisely how the people get off and get on, how things go inside . . .

Trolleybus No 9 is moving along Rakovski Street, filled well beyond its capacity. The stop at the Krust'o Sarafov Higher Institute of Theatrical Art turns out to be the last in its workday, it cannot go on any longer. Since the following trolleybus "prudently" passes the stop, the people who have gotten off decide to continue on foot . . .

Basically, the examples could be even more numerous and vivid. Each one has his own typical case, his inimitable experience of encounters with public transportation. Readers' letters and signals to the editors only fill out the picture. Samuil Moskov, for example, tells about how he waited more than 45

minutes for the No 1 trolleybus. Dimitrinka Trifonova, from block 726 in the Lyulin district, reports that she went to work in a bad mood in the morning because waited 30 minutes for crammed buses. And Emile Marinov, from block 73 in the Mladost-1 district expresses his dissatisfaction with the irregular transport services to the housing complex.

This outline shows a difficult situation for municipal transport at the moment. And this fact cannot be exaggerated, for it is established every day; our moods are often disturbed for quite a while, inconvenience and unpleasantness are created. And winter is coming, which will undoubtedly lead to additional trials and difficulties for everyone.

If one must report on the current weakness in Sofia municipal transport, they would show several directions. First, there is a shortage of transport capacity, given the constantly growing transport needs of the city. Travel time in the capital now often exceeds contemporary norms. Many inhabitants of Sofia travel more than 40 minutes to their places of work. Finally, more and more often the regularity of transport vehicles' movement is being violated; well thought-out schedules are not being maintained.

When a Decree was Underestimated

We are speaking about Decree No 45 of the Council of Ministers from December 1981, when in essence detailed program for the development of municipal transport during the 8th 5-Year-Plan was presented. Soon it will be 4 years since the publication of that important document. Let us recall again what it foresaw and how it has been fulfilled. It stipulated that in the now concluding 5-Year-Plan in Sofia 23 kilometers of tram and 25 kilometers of trolleybus lines should be constructed. The actual result, however, is 6.5 kilometers of rails, which includes lengthening lines 4 and 11 in the Ovcha Kupel district, No 6 along Vlado Georgiev Street and in the Nadezhda district. During this period only 13 kilometers of trolleybus lines were opened up, to the Lyulin district. In addition, it was foreseen that the percentage of trams and trolleybuses would increase from 30 to 40 percent of the total share of transportation, that from 1981 through 1985, 55.3 new places would be secured. But neither the number of trams and trolleybuses nor the number of places budgeted at all.

Basically, the rich program for the development of municipal transport has not been fulfilled in half of the stated deadlines. And the greatest result of this is, because of the expected rapid growth in electrified transportation, but transport has fallen significantly behind, since fewer vehicles were planned. This delay is already being acutely felt. At the huge Mladost block, for example, there was a need for comfortable, spacious trams, and trolleybuses, which would gradually replace the buses. And during those years not one new Ikarus has been added to the line there, and the electrified "competitors" still are not there. But Mladost is growing constantly . . .

The situation with trolleybuses now is critical, for this is a comfortable type of transport for the capital, especially with the new, jointed vehicles. For the 5-year-Plan, it was foreseen that 120 modern trolleybuses with 180

seats each would be supplied. If these had indeed been acquired, then this type of transportation would be twice as large, and riding would be more convenient.

The situation is no better in regard to trams, this most traditional type of transport in Sofia. Fifty new, comfortable trams that had been anticipated were not supplied. But if this situation had arisen because of objective causes, all possible reserves would have been tapped. In Sofia there is one factory which produces one obsolete type of tram that is not manufactured under modern conditions and does not meet today's requirements. If we have to develop our modern tram production, this cannot come about without serious assistance from the Ministry of Machine Building, of large factories in the capital, and in the nation.

And so, the current alarming situation in municipal transport in the capital is due to many reasons, to a great degree to the unjustified underestimation in carrying out Decree No 45 of the Council of Ministers, mostly on the part of the Metropolitan Investors Directorate, the Inzhstroy State Economic Trust, the Transstroy State Economic Trust, the Obshestvenno i Promishlenno Stroitelstvo Economic Combine.

Drivers Are Being Sought

Municipal transport, however, is not distinguished only by a shortage of vehicles. There are 1,200 vacant positions for drivers and fitters at the Gradski Transport Economic Directorate. We know about the great labor and social gains made by drivers in the capital in recent years. The question is how their work can be made easier, more productive, and in the final accounting, more attractive, through a more rapid implementation of scientific-technical achievements, through affirmation of a new organization of labor, with material and moral stimuli, with an improvement in their social and domestic conditions, etc.

Will We Travel Faster?

In conversation with specialists from the Transport section of Capital People's Council and the Gradski Transport Economic Directorate, we learned about certain recent changes in the capital's mass transit system. They are now awaiting the start-up of a tram line along Graf Ignatiev Street. They are anticipating that by New Year the residents of Mladost will be carried on trolleybuses along Lenin Boulevard to Stochna Gara. Nearing completion is the extension of tram lines 6 and 15 to the Nadezhda district.

Soon there will be a change in trolleybus transportation, especially on lines 2 and 9; new double Ikarus buses are coming from Hungary. They are continuing to build a system for control and management of traffic with new dispatcher centers. They are working on perfecting a graduated schedule for Sofia resident's working times.

All of this undoubtedly will help to change the picture of municipal transport. But some rather important problems remain, and their rapid and

correct resolution is the only way to guarantee the system's complete recovery in the near future.

It is necessary to make all possible efforts to obtain additional quantities of buses. Only in this way can we replace a large portion of worn-out and unsuitable vehicles. It will be possible to open up new lines to the Obelya-2 and Druzhba-2 districts, without violating the general status of the vehicle fleet.

But the important and vital concern now is for investors and builders to face the responsibility of their task in rapidly carrying out the points of Decree No 45: a tram and trolleybus depot at Iskur Gara and new tram and trolleybus routes to the apartment blocks. As the data show, the plan for construction and installation work for the first 8 months of 1985 has been fulfilled at a rate of only 42.8 percent, which places in doubt the start up of the sites anticipated by the end of 1986.

Yes, the situation with Sofia's buses, trams and trolleybuses is neither easy nor pleasant. The serious difficulties that have arisen will not be overcome soon, if rapid and active measures are not taken to make up for lost time and to make mass transportation in the capital more modern, comfortable, and certain.

12334/13068
CSO: 2200/44

ECONOMY

BULGARIA

DIFFICULTIES IN POWER SUPPLY ANTICIPATED

Sofia NARODNI SUVETI in Bulgarian No 9, 1985 pp 28-30

[Article by Dimitur Sokolov, vice minister for power supply: "We Are Taking the Necessary Measures"]

[Text] The winter last year was severe and cold, and this created significant difficulties in the nation in a number of units, including the electrical power system. This hindered normal power supply for consumers in the communal-domestic sector and in industry, especially during the months of February and March.

The analysis of the power supply system's operation, carried out after the fall and winter season, showed that the cold winter was not the sole reason for the difficulties that were created for the power supply system in the nation. The cold periods truly created serious difficulties in unloading the coal cars at the electric power plants, and especially in the transport of imported coal, but other factors were introduced as well, and they are of no less significance. First of all there was a delay in the construction of the new electricity producing capabilities in comparison with the nation's electrical consumption. For example, the start-up of the 5th power block in the expanded Mamritsa-Iztok 2 thermoelectric power plant (TEP) was late, and the 6th block has not been started yet.

Last year turned out to be a significantly dry one. The shortage of precipitation in the summer forced the consumption of a significant amount of water at the basic reservoirs for the purpose of irrigation. This limited the use of hydroelectric power plants in the winter, and thus created great difficulties in commitment to the nation's capacity balance.

We must not underestimate the subjective factor either, for in a number of cases it was of decisive significance. It is true, however, that because of certain structural changes in the national economy, with the development of more alluring branches and productions, conditions for fluctuation in power supply were created. This negatively affected the training of cadres and hence the level of operation and support of the equipment at the power plants, because of their relatively high incidence of breakdowns.

In terms of the power balance, great significance is accorded to the national energy consumption. Despite the efforts put forth in recent years to limit the maximal consumption, no special results have been attained. Long-term habits of economizing on electric power have not been created either in the communal-domestic sector or in industry. The consumption of electric power grows annually, at rates unforeseen in the plan, and this has become a reason for overexpenditure of power resources.

The factors just pointed out, which have negatively affected the national power supply during the most recent fall and winter season, are at work now, and they will create difficulties during the coming fall and winter season. We still have not overcome the lack of correspondence between the present production capacities and the growth in consumption of electric power. This leads to not being able to have on hand the necessary reserve capacity, and this reserve has to exist in order to guarantee normal power supply to the nation.

1985 has turned out to be even drier than last year. During the spring the basic reservoirs were not filled because of a shortage of snow in the mountains. They again had to be used intensively for irrigation. This has created extreme difficulties, since at the beginning of the fall and winter season the water available at the reservoirs will be close to minimal levels, and the utilization of hydroelectric plants in the winter will be severely limited.

Based on all of this, and with a view toward the maximal satisfaction of the nation's needs for electric power during the fall and winter season, 1985-86, a number of measures are being taken by the Energy Ministry as well as the government. Special attention is being paid to the timely start-up of new capacities. A deadline is foreseen, at the end of September, for starting up the 6th block at the expanded Maritsa-Iztok 2 plant, as well as the steam generator No 8 at the Ruse-Iztok TEP.

Significant efforts have been applied toward the timely and qualitative conduct of repairs on equipment at the power plants. Decisive significance in this regard belongs to the conduct of repairs at the power plants of the Maritsa-Iztok economic mining and power complex and the Bobov Dol TEP, where the basic capacities which use our coal are concentrated. Because of its low quality, problems are created for using these power plants, and this reflects on the technical condition of the equipment. In order to restore the equipment, a large-scale repair campaign must be carried out, with the participation of significant labor resources. In order to achieve optimal results from the repairs of these capacities, the government has affirmed the "Goal-Oriented Program for Repair of the Power Plants at the Maritsa-Iztok Economic Mining and Power Complex and at the Bobov Dol TEP." This program foresees carrying out a number of additional measures with a view toward normal conduct of the repair campaign. These are reflected in Decree No 11 of the Council of Ministers. Additional labor resources, around 1,000 people, are being drawn from other enterprises in the okrugs, where power plants are situated, to conduct a certain amount of repairs. In the process of the repair campaign, labor resources were also drawn from the Bulgarian People's Army. With these measures, significant assistance was provided by the Energoremont Economic Trust and the personnel of the power plants in carrying out the anticipated repairs.

As a result of the measures taken, the conduct of the repair campaign at a number of power plants is normal. The technical condition of the equipment is being restored and it is being prepared for work next winter. This applies to the Varna TEP, the Kozloduy Nuclear Power Plant, the Bobov Doi TEP, the Dima Dichev TEP, etc. Problems are still being created by obsolete equipment and the necessity connected with this for conducting restorative repairs at the Purva Komsomolska TEP, the Maritsa 3 TEP in Dimitrovgrad, and the Republika TEP. There are delays to varying degrees in the repairs at certain thermoelectric power plants.

With the goal of ensuring normal conduct of the repairs and the accumulation of energy resources for the following winter, the resolution of the Council of Ministers limits the maximal electrical capacity of the nation, various okrugs, and the larger enterprises.

We expect that with the measures adopted and the efforts devoted to carrying out the anticipated repairs at the power plants, the problem of increasing the preparedness for work at the electric power producing capacities for the next winter will be solved.

Along with this, however, other problems must be solved. One of the most important is providing the necessary energy resources. Analyses show that additional resources will be needed during the winter to maintain the nation's energy balance. This has come about primarily because of a shortage of water in the reservoirs. A resolution has been adopted to solve this problem, and means have been provided to purchase additional quantities of imported coal. This coal will be used by the Varna TEP and the Ruse TEP, power plants where there are opportunities for additional production of electric power.

The condition of the electric power lines is of great significance for ensuring normal power supply to the nation during the winter. Preparations for them to work under winter conditions began last spring. Carrying out tasks this year related to building new sites for the power transmission and distribution system has turned out to have had significant influence on improving power supply. Other factors include improving the technical condition of the operational equipment along the line of the basic repairs, modernization, and reconstruction.

A number of sites are anticipated to be built and put into operation; these include the 400 kilowatt electric power lines with (SRR), 110 kilowatt power lines named for G. Delchev, the Spanchevo Hydroelectric Power Plant, Lom-Vidin, Oreshets-Belogradchik, and the following transformer substations: Belogradchik, Michurin, Varna-Sever, Bansko, Trakiya in Shumen, Dulovo, Borimechka in Sofia, etc. Together with the development of the high voltage system, we will construct a number of sites for the 20 kilowatt power distribution network, transformer posts, and low tension electric networks in populated areas.

Along with the construction of new sites, the collectives from the power producing rayons, units, and combines are taking a number of organizational and technical measures to improve the technical condition of electrical equipment and to prepare it for handling the increased power loads during the winter season.

During the first six months, the basic portion of the planned preventive testing of the power transformers and the high tension circuit breakers was carried out at the substations. More than 12,000 kilometers of aerial lines were checked to eliminate weak spots and defects, many insulators were replaced, small sections of bad wiring were replaced to increase the technical strength of the networks and to improve their transmission capacities.

According to specially formulated plans, preparation of other equipment has begun so that it can work under the winter conditions; "soft" spots are being eliminated; transformers are being replaced; and comprehensive preparation of the traffic posts is being carried out to handle the winter loads.

With the conclusion of harvesting the crops, conditions are being created for beginning work on the fall inspection check of the aerial power lines.

These and a number of other measures, which are anticipated according to the plan for wintertime preparation of the electric transmission network, are being carried out successfully, and they will finally be completed at the end of September.

Despite the organizational and technical measures, disturbances in power supply to certain populated areas, districts and individual buildings can take place during the winter, when the equipment is loaded beyond the permissible norms. In this sense it is especially important, along with the preparation of the equipment for working during the winter, to use all available means to conduct an explanatory, systematic campaign among the populace about the economic and effective use of electric power, especially at hours of peak load for the power system. In this regard, the assistance of people's councils could turn out to be extremely important. Under their guidance and with the cooperation of social organizations, measures must be taken that will lead to savings in the use of electric power. It must be explained to the people that it will not be possible to have the normal supply of electric power to the nation during the winter if they do not fully comply with all the tasks related to saving electricity. There are still untapped reserves in this area. Efforts must be concentrated in the following basic directions:

A decrease in the use of electric power in the communal-domestic sector. For this aim, it is necessary to explain, to require, to conduct systematic checks, as well as not to permit any compromises that deviate from the explanations.

A decrease in the use of electric power in industry. Here it is most important to maintain technological discipline, to increase the responsibility of the collectives at enterprises, and to carry out constant, effective checks.

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HUNGARY

CHANGES IN WEALTH DISTRIBUTION PROPOSED

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[Article by Gyorgy Szepesi: "Our Distribution Relationships: Present and Future"]

[Text] Incentive, Social Policy, Bearing the Common Burden

The growth in the standard of living and the improvement in living conditions is a fact of outstanding importance--recognized by domestic and international public opinion alike--of the development which has taken place in our country in recent decades. For well known reasons this development slowed at the end of the 1970's, in certain respects it came to a halt. In this period, due to the burning necessity of restoring the balance of payments, it was possible to realize only a preservation of the standard of living achieved up to then. The 17 April 1984 position of the Central Committee formulated it thus in connection with this: "In this situation the December 1978 session of the Central Committee gave priority to restoring and consolidating the balance in economic policy practice, and this was confirmed by the 12th congress of the party--supplemented with the requirement to defend the standard of living achieved." (1)

On the basis of the experiences of years past we can now undertake to examine what peculiarities characterized the policy aimed at preserving the standard of living, what are the lessons for the shorter or longer range. In practice, naturally, the preservation of the standard of living could not mean and did not mean some sort of immobility, a rigid fixing of the levels of supply and consumption achieved. It could not because the resolution of the 12th congress and the Sixth 5-Year Plan based on it posted as a goal the preservation of the standard of living and a further modest and differentiated improvement in living conditions. There has been progress in our country in the past 4-5 years in the area of living conditions; it is true that the most important quantitative indexes of the standard of living increased a good bit more slowly than in the past, some of them remained at the earlier level or even decreased in certain years. We achieved further results in the area of housing conditions (the number of families per 100 housing units moderated from 108 in 1980 to 105 in this period), the supply of housekeeping machines for the families expanded, the number of personal automobiles increased. In contrast to this, because of the narrowing possibilities from the economic side, the

development became more uneven and certain contradictions in distribution sharpened.

In connection with this latter phenomenon we must call attention to a quite common view. In broader public opinion, by the nature of the thing, there is a close correspondence between the quantitative and qualitative characteristics of the standard of living (consumption and supply levels) and the modalities of distribution (the ratio of distribution, its link to performance or to social need). It follows from this that an illusion may arise that a favorably developing quantitative growth will automatically end the contradictions of distribution. In any case it is true that managing distribution problems is easier if economic growth is faster. But it can be proven on the basis of the experiences of the early 1970's that this automatism does not exist; certain tensions in distribution may arise even in a period of fast growth (let us think of the early debates about the lag in wages at large factories, the earnings ratios between agriculture and industry and the auxiliary branches in the producer cooperatives). Attention must be called to this because today some are inclined to attribute the contradictions and injustices which always accompany distribution exclusively to the narrowing in the possibilities for an increase in the standard of living. There has not been and will not be a period when the distribution relationships function in complete harmony, even if the nostalgia fashionable today pretties up the past in this regard.

In the middle 1970's the changing links between distribution relationships and the standard of living came into the center of professional and social interest. At that time--thus still in a period of swift growth--and at the initiative of leading party and state organs, broad analytical work began to discover the characteristics of our distribution relationships and to outline the prospects for them. A number of partial studies embracing a longer range were prepared within this framework, for example concerning social strata in a multiply disadvantaged situation, the extent and value of the so-called second economy, and possible directions for the long-range development of our social policy.

The changed economic conditions made progress in distribution relationships even more urgent, and naturally new problems arose as well. To mention only the most important of these, the faster consumers price increases, the developing activity of small undertakings, and the differentiation in living conditions and material situations put distribution policy in front of a new situation. It followed from all this that at the beginning of the 1980's the planning and regulation of the standard of living had to be solved in close harmony with a long-range development of distribution relationships, and in the interest of this the planners and those working in scientific institutes had to formulate a model of the distribution system which was in harmony with the economic and social conditions probable by the turn of the century. The experiences of actual development, to which we turn below, served as an important lesson for this.

The Standard of Living at the Beginning of the 1980's

From the viewpoint of the development of the standard of living the period since 1979 can be divided into two parts, although it is certain that the

divisions within such a short period are quite debatable. The basis for the division is the well known fact that from the beginning of 1982 the external conditions of the Hungarian economy deteriorated significantly compared to earlier (the international credit crisis, the prolonged recession, the further deteriorating terms of trade). The hardening of the external conditions naturally affected the freedom of movement for standard of living policy, especially because we could no longer count on external resources, indeed, beginning at this time, we had to begin to reduce the outstanding debt--a good bit earlier than planned.

This raised the question whether, amidst the new conditions, we could maintain the fundamental goals of the Sixth 5-Year Plan pertaining to the standard of living. The position of the April 1983 session of the Central Committee gave an answer to this, stating that the general goals of standard of living policy were still valid.

The more strict conditions, the obligation to achieve a positive foreign trade balance, the further deterioration in the terms of trade, etc. also raised new problems in addition to the problem of fulfilling the unchanged basic goals. In this period, that is since 1982, real wages decreased year by year, the growth of consumers prices rose by 6-8 percent average per year, and the increase in popular consumption slowed. These processes put two groups of questions into the foreground: the problem of wage payment and in connection with this the problem of material incentive, and improving the status of certain socially sensitive strata (those living on small pensions, those with many children, etc.).

In the period beginning in 1982, in addition to the general effort to preserve the standard of living as a social average, protection of the standard of living, of the social results achieved, came increasingly to the fore in certain areas.

The question frequently arises in this connection whether the standard of living attained earlier really was preserved in the period of the Sixth 5-Year Plan thus far. The resolution of the 13th congress established the following concerning this: "We could not realize in its entirety the resolution of the 12th congress concerning the preservation of the standard of living. Average real income and consumption increased somewhat, but real wages decreased. The real value of pensions and of some social allotments decreased, and so the standard of living of some strata of the populace deteriorated." (2)

As for the infrastructural services determining two chief components of the standard of living, current consumption and the living conditions of the populace, the situation characterizing the second half of the 1970's, the period of the Fifth 5-Year Plan, was repeated in their ratios to one another. We fulfilled, even over-fulfilled, the Fifth 5-Year Plan in regard to the most important service indexes affecting the non-producing infrastructural branches, while we lagged behind the posted goals in the area of consumption and incomes--for well known reasons.

In certain important areas of the infrastructure we have already achieved the level planned for 1985 (increasing the number of general school classrooms,

sidewalk construction, developing the retail network in some settlements, etc.). It appears that the prescription of the Sixth 5-Year Plan can be reached or approximated in the number of new dwellings built also. We largely succeeded in overcoming those problems which appeared in connection with the fact that the demographic wave reached, in the early 1980's, the age group entering general school. Despite about 100,000 more students the number of students per classroom decreased. The ratio of day students in the lower grades increased from 56 percent in 1980 to 62 percent in 1983. The availability of nurseries reaches 90 percent, which is a respectable ratio even in an international comparison.

But along with all this we must also see the problems deriving primarily from structural disproportions and the unsatisfactory quality of services. State housing construction already lags visibly behind what was planned. But we have a chance to make this up with the private construction which has received greater impetus. We should also be aware that the various forms of housing construction (state housing, family houses) affect different social strata differently, and despite significant efforts the conditions for young people to get housing have not improved, and have deteriorated in some larger cities.

Our problems include an inadequate proportion of drinking water supply and sewerage, a deterioration in the quality of drinking water in some areas, a poor supply of telephones, very low by international standards, hindering technical development and requiring great extra expenditures, and the inadequate development of hospitals. Popular initiatives, social work and the material contribution of smaller collectives continue to have an outstanding role in the fact that development according to the plan was achieved in certain basic indexes in the development of the infrastructure.

Popular consumption increased continually in recent years, by 6 percent over 4 years, between 0.5 and 2 percent per year. The consumption structure was modernized further. In 1980, 33 percent of the actively earning families had automobiles, this ratio can now be put at 45 percent; the per capita consumption of meat and meat products increased from 73.8 kilograms to 77 kilograms between 1980 and 1983; the number of dwellings connected to central heating increased by 21 percent, to 531,000.

Real wages still increased in 1981, since 1982 they have decreased. When evaluating the development of earnings we should not disregard the new, or increasingly legalized, economic organizations, the small undertakings. Registering, recording and statistical processing of incomes arising in this way are not yet entirely solved. From the theoretical viewpoint these incomes should certainly be included among work incomes, even if in a few concrete cases there is still a possibility for earnings not proportional with the work. Experiences thus far suggest that the majority of those active in legal small undertakings (60 to 80 percent of them depending on the method of counting) do supplementary activity after work. Even about one third of the artisans engage in small commodity production, with operating permits and after their main work time. The incomes coming from this have increased very dynamically in recent years. If we add these to the earnings coming from the main job then we get a more favorable picture in the area of work income. (The real value of work income per active earner increased by 3.3 percent between

1980 and 1983.) But we should not forget that although a significant part of the populace conducts some sort of supplementary activity with more or less regularity, the incomes coming from this are very differentiated, their spread significantly exceeds the spread of earnings coming from the main job. (3)

A significant ratio shift took place in popular incomes to the side of social allotments (social allotments--in money and in kind--made up 27 percent of popular income in 1975, 32 percent in 1980 and 35 percent in 1983). This shift is also indicated by the fact that while work incomes remained essentially unchanged in recent years, the sum of social allotments increased by about 13-15 percent. We must establish this ratio shift as a fact even if it is also true that we were not able to entirely preserve the real value of monetary social allotments in recent years. Thus the purchasing power of pensions under 2,500 forints and the real value of child care and maternity aid decreased. The ratio shift was produced primarily by automatic operations in the area of social allotments and to a lesser degree by demographic processes. In addition to the increasing expenditures the multiplying social problems in themselves indicate that we must rethink and modernize the mechanisms of our necessary social policy.

The sharper separation of nominal and real processes and the relatively swift increase in consumers prices are unique characteristics of the development of the standard of living in recent years. (The consumers price index developed around 9 percent in 1979-1980, under 5 percent in 1981 and between 6 and 8 percent in 1982-1984.) If we study the outflow of money incomes then we find no significant deviation compared to the 1970's in the rate of growth of either total income or work income. It follows from this that the tightening in the standard of living made necessary by the more severe economic conditions has been transmitted to the populace in recent years primarily by the more swiftly increasing consumers prices, by the higher price level which thus developed and by the changes in the consumers price structure.

Although the consumers price indexes for the basic social strata do not show significant deviations, still a finer analysis shows that there are social strata and groups which are affected more sensitively than the average by the increase in consumers prices (pensioners with small incomes, families with many children, young households, certain groups of those living alone, etc.). The increasing problems of these families also justify on the part of society an effort to increase consumers prices less, insofar as possible, to a tolerable degree, that is the problems justify the development and implementation of an effective anti-inflationary policy. Together with this, with the given possibilities for increasing consumption, limiting the increase in prices will necessarily be accompanied by a more strict regulation of purchasing power, which will sharpen other tensions, primarily distribution tensions, and could narrow the possibilities for material incentive, insofar as efficient production does not provide a basis for the outflow of purchasing power aimed at material incentive. So the coordination of the development of consumers prices and the outflow of income has become perhaps the most significant problem of standard of living regulation of recent years.

Despite a development approaching the basic goals, a feeling may arise in a relatively broad circle of the population that the standard of living as a

whole is decreasing too. A partial explanation of this is provided by the fact that in the situation which has developed the sensitivity to income and property differences has increased, and it is true that there has been an increase in the number of individuals and families who are not able to preserve their earlier income level, or can do so only with a good bit more work.

But it must be added to all this that when we announced that in the years ahead we could undertake to preserve the standard of living which had been achieved only as a social average that illusions attached to this program in public opinion. This is well characterized by something frequently said at that time: "Only let it not be worse than this." It can be seen now, although it may have been obscure before, that preserving the standard of living which had been achieved as a social average will magnify certain differences. Today more are feeling this and they are feeling it more. And preserving the standard of living means something different in a family with ordered material circumstances where the parents are already middle-aged and the children are grown or have no family ties than it does for a young person beginning a career or for a young family which still has an unsolved housing problem. For the latter preserving the level achieved could mean closing the door on development in regard to improving living conditions or material progress, so in this circle the goal formulated for society as a whole cannot be interpreted literally.

Even on a foundation of restricted conditions a standard of living policy or a distribution policy must provide preferences for those strata the situation of which or the developmental possibilities of which lag significantly behind the social average for various reasons. The magnitude of these preferences naturally depends on the economic possibilities. Under our present conditions these resources are not sufficient to entirely counter the more quickly rising prices, the rising housing costs and the low beginning wages. The preferences, supports and concessions offered to young people and various strata and groups with low income or other disadvantaged situations could theoretically be increased under the given economic conditions too, but in the short run only to the detriment of other goals, such as material incentive or technical development. And this group of questions takes us to the next problem to be discussed, what changes in our distribution relationships and mechanisms and in our incentive system are justified by the longer range economic conditions.

A Few Theoretical Questions of the Development of Distribution Relationships

Even today there is a debate about whether our present situation justifies longer range changes in the distribution relationships. There is a position according to which "we should not make a virtue of necessity", should not fall into the error of projecting the present tight conditions into the future and adjusting our long-range thinking to them.

From the other side there is formulated a demand that we develop a distribution system which organically adjusts to the conditions and requirements of intensive type economic development, to a modernizing system of economic guidance.

This debate has led to the question of social values. The value categories, in the philosophical and sociological sense, broke in at the end of the 1970's and became fashionable in domestic professional circles, and later in broader public opinion. Their swift and successful course is indicated by the fact that depicting a value system for social development received very great weight even in long-range planning work. It hardly needs proof that the comprehensive and detailed interdependencies of distribution involve many values and are closely tied to certain basic social values. So it is justified to review the thinking pertaining to the long-range development of distribution relationships on the basis of the debates which have taken place concerning certain social values and principles of distribution, and again call the reader's attention to the fact that these questions, in part, are still open today and the consensus necessary for practical action has not developed in everything. The debate and resolution of the 13th congress provide orientation and offer worthy aid for the latter for they characteristically outline the basic principles of distribution: "Distribution according to work in earnings on the one hand, social services better expressing need on the other, and an income-proportional bearing of the common burden which extends to the populace as a whole."

Full and Effective Employment

The question which aroused perhaps the most and the most heated debate concerned employment. Although it would appear that the majority of the arguments were voiced for or against full employment, in reality deeper lying interdependencies come to the surface here. There are relatively few today who argue that the best solution for low work productivity, the disorganized nature of work and the sometimes wasteful manpower management would be a sort of "managed unemployment." This "proposal," in any case unacceptable, is receding because in the midst of the unemployment sweeping the developed capitalist countries, in percentages expressed in two figures, full employment is upgraded as the stability characterizing the socialist countries. Full employment is one of the basic values of our society, the security of existence and properly interpreted socialist equality cannot be imagined without it. How could someone have a chance for anything if he was excluded from the social work process?

But declaring for full employment on a social scale does not end this debate. Various guarantees and institutional systems are linked to employment, to the work relationship, and these create a definite degree of security for employment. It appears that there is a need to make changes in the sphere and character of these guarantees. Well thought out changes would fit into the framework of full employment, because if we think it through the latter is not an easily defined concept. It can be accepted as an extreme interpretation, for example, that a person who does not find a job must be guaranteed work by the state or by some state institution. The type of work is not considered in this case. The other extreme is that everyone must be provided with the sort of work he wants. Obviously very many sorts of intermediate solutions between the extremes can be imagined. Now the direction of movement in employment relations must be one which dissolves the unconditional guarantees tied to a given enterprise, job, assignment or income position; in this area also there should be a strengthening of healthy competition. This requires that the

position of the employers should strengthen, that on this basis they should be able to implement better the stricter efficiency requirements.

Many doubt that there can be significant progress in the efficiency of employment, arguing that in the present manpower shortage situation the employers have practically no way to implement the stricter requirements. An analysis of the data suggests that the stubbornly persisting manpower shortage, or the negative consequences of it, is, in a paradoxical fashion, virtually independent of the actual state of the economy. At the beginning of the 1980's a manpower shortage developed in some areas of the magnitude which characterized the middle 1970's. But if we compare the chief indexes for economic growth or for foreign and domestic market demand it immediately appears that two entirely different periods are involved.

Many interdependent factors played or play a role in the development and stubborn persistence of the manpower shortage. A significant part of this shortage is not a real manpower shortage, rather it is a performance shortage. This is suggested also by the fact that where a way opens for the real material recognition of performance the manpower shortage generally moderates as well (this is shown by the practice thus far of the operation of the enterprise economic work associations and the various special groups). Or, to cite the newest experience: Last year in an experimental way and this year in a broader sphere the incentive wage regulation also played a role in tangibly decreasing the number of unfilled jobs. (In one year the number of these jobs in the cities fell to about one half.)

The macro ratios of employment also have a role in the chronic structural tensions of the manpower situation. The ratio of those employed in agriculture is very high compared to our developmental level, even if we note that about one third to one half of those working here do not perform agricultural activity and that in the future also we want to maintain this many-sidedness of the agricultural organizations. The ratio of those employed in industry is high too, and for this reason a real manpower shortage characterizes the service sphere. A role in the persistence of the manpower shortage is also played by the fact that an extensive path was followed in the developments of the enterprises even when it became obvious that personnel could not be expanded, the demographic labor sources were not expanding, but would be narrower. (Since 1980 the number of active earners has decreased by about 100,000.)

It follows from all this that there are not only social but also economic conditions for the truly greater efficiency of employment. Naturally a change in employment structure can take place only with the aid of indirect tools or incentives. Measures of an administrative nature are essentially useless in this area--on the basis of experiences thus far. Among the incentives the wage system is outstanding in terms of effect. But this area also includes the renewed or developing institutional system for training, further training and retraining.

In the longer period ahead we cannot count on an increase in manpower sources. The beginning and middle of the 1990's will be an exception to this, when the larger age groups born at the beginning and middle of the 1970's start work.

So production and developmental ideas will have to put in the foreground solutions based on the existing personnel and on flexible manpower management. The quality view must pervade manpower management too, that is manpower should not be regarded in either planning or practice simply as numbers. There must be a spread of new factors such as multiple skill training, frequent specialty changes during a career, career modification and a high degree of interest in constantly expanding and modernizing knowledge.

The realization of these nice sounding and certainly justified goals is made difficult by their contradictory nature. For dissolving the guarantees linked to a given job, assignment, income or position, greater pressure to renew and maintain information, the greater competition deriving from this and the sometimes forced mobility violate existing interests and thus run into open or hidden resistance. A further ahead question arises as well, to what extent are the opportunities and chances equal to fulfillment of the stricter requirements linked to getting and keeping a better job. (Let us only think of how a person who must travel several hours a day--and there are more than a few such--can continually train himself further or how he could stay in competition with fellow workers in a better situation.)

All this leads to the second group of problems, the question of equality and of the fairness of the distribution relationships. Before we turn to a discussion of this problem we must state that increasing the efficiency of employment is not a question of choice, we have no alternatives in this. By developing suitable economic and social conditions we must rationalize manpower management, improve the utilization of work time and capacity and stimulate the acquiring of information and utilization of existing knowledge.

Socialist Equality and Fairness

There is also a very broad debate today, filled with emotions, about the question of equality. This question cannot be viewed without values and emotions, so it is understandable that sometimes even extreme opinions are voiced. Treatment of the problem is made difficult by the fact that very much in this area is still unclear in theory. For example there is a view--in our opinion untenable--according to which no sort of inequality or difference has a place in a socialist society. In a broader circle than those formulating the above opinion it is asked how we can reconcile our long-range aspiration directed at the realization of equality with the existing inequalities of a material and non-material nature--inequalities which sometimes increase and in a certain respect reproduce themselves.

One of the historic missions of socialism really is to realize the noble ideal of social equality. This cannot mean however a uniform equality in the spirit of the phalanstery but rather--as is already more or less accepted--it means the gradual coming together or balancing of chances. The coming together of cultural, occupational, access to housing and other chances does not rule out the possibility of alternate courses of life in our socialist value system, indeed this is one of the important aspects of our social development.

Social equality interpreted in this way is not a category free of contradictions either, for it can be realized only in the long historical

perspective, and this means that a definite system of inequalities characterizes each developmental phase. The existing inequalities always require a concrete political, social and economic judgment and treatment. In this area we must strive to see that the regulation adjusted to the given situation does not frustrate our long-range goals pertaining to equality and social fairness. Examining our situation in this light we must call attention to the following chief interdependencies.

The narrowing possibilities for developing the standard of living in themselves, as we have said, strengthen the differentiation processes of society by, for example, reducing the savings or accumulation possibilities of certain strata--including the young people starting their careers--and making it difficult for them to get the housing and durable consumer goods which play a crucial role in the development of their standard of living. The possibilities today for the development of the standard of living also create more difficult conditions for the so-called multiply disadvantaged strata. Some conclude from all this that in such a situation we should strive in general not to strengthen differentiation but rather for a distribution of income a good bit more even than in the past. Perhaps this principle cannot be disputed from the purely ethical viewpoint. But it must be noted that from the social viewpoint it is also unfair if different performance is rewarded with the same wage. At this point one can justly raise a counter-argument, that we are not talking here about differentiation of wages but rather about differentiation of incomes. But equalizing incomes could only involve a very significant expansion of social allotments, and this would not be without effect on the possible development of earnings.

The other side of the interdependence is that if we are to get out of our present difficult situation and lay the foundations for more dynamic economic growth, and raising the standard of living based on this, while strictly maintaining the economic balance then we must strengthen the performance orientation of society, that is must give wages and earnings a greater stimulating effect. And this requires, first of all, that wages reflect performance better than at present and that they be differentiated to a greater degree as a function thereof.

For social fairness--which is in complete harmony with the principle of distribution according to work and with the differentiation based on it--it is also necessary that we reduce the present unjustified differences in payment for work done in various sectors, organizations and branches and end as soon as possible or at least moderate the "double standard" existing between the first and second economy, which has a very significant role in holding back performance and thus in the apparent manpower shortage.

Differentiation based on performance also hides contradictions. Of these perhaps the most difficult to accept now is that low earnings or income provide a more modest consumption level and living conditions while the higher wages based on better work provide better material possibilities, and this has an effect on chances too.

It is not only performance which will play a role in the development of wages and earnings in the future either. They will be affected by the structural

relationships of manpower supply and demand, by the contradictions which will exist in this area for a longer or shorter time. Certain skills and occupations in short supply will have greater value even if no special training is needed to fill them. In addition, the strengthening of the profit interest of the enterprises will make it necessary for wages and earnings to depend more on enterprise results, and so profitability will have a strong influence on the ability of enterprises to keep or attract manpower. Thus it could happen that the same performance would be rewarded differently at different enterprises.

After all this there arises the very important question, Is there a solution to or at least a way to handle the contradictions indicated above? Remaining on the basis of realities it must be said that there is no formula which would entirely eliminate these contradictions. But there is a solution (or one must be found) which will make it possible for the development of distribution relationships to go simultaneously in the direction of increasing performance orientation and strengthening social fairness.

Social Policy

From the viewpoint of solving the equality-inequality problem it is of decisive importance that closer harmony than before should develop among the different areas of standard of living planning and economic planning, and on the basis of a consistent value system. Social policy gets an outstanding role here. By thinking through social policy we must seek an answer to the question of whether we can undertake a deliberate strengthening of differentiation according to performance under circumstances where income differentiation is increasing as a result of automatic processes.

The two fundamental social functions of social policy, strengthening the security of existence and bringing together the career chances, are performed in different ways. Its role is active and determining in laying the material foundations for the security of existence of people unable to work; but in moderating social inequalities it can undertake primarily subsequent, supplementary, corrective tasks. It can carry out this latter role only if we develop the social policy institutions and services in harmony with the other institutional systems determining the living conditions and employment relationships of the populace (housing supply, community services, transportation, etc.). The economic conditions expected in the years ahead and the need to strengthen social stability and social security necessarily put in the foreground the function of social policy in laying the foundations for the security of existence. This presumes that the principle of need should be realized better in the distribution of the various social allotments, supports and concessions, and that income security should strengthen among the needy.

Important social interests also attach to strengthening the equalizing function of social policy. Progress in this depends on the extent to which the income producing ability of the economy increases, whether certain disproportions in distribution are reduced. An important question of principle arises in this connection (together with all its practical consequences), as to the extent to which the state can undertake to ease the inequalities not

interdependent with work. The lower limit of this is certainly some sort of minimum level.

Studies have begun aimed at a concrete determination of this. Determining the upper limit of equalization presents much greater problems (here, naturally, what is involved is stating some sort of theoretical limit and not concrete magnitudes). Here again we run into the basic question of the equality-inequality problematic: Should there be an effort to see that all families live under uniform circumstances or, if not, then what size differences can we tolerate? From the theoretical viewpoint the correct answer might be that the differences in family incomes should reflect the earnings differences of the earners living in the family, that is, from the other side, the state should undertake all the costs of supporting dependents. We are still far from realizing this. At present the paradoxical situation obtains--at least according to the statistical data--that the role of earnings officially considered in the income differences among families with active earners is only 15-20 percent.

So in the longer period ahead the principle outlined above cannot yet guide the concrete practice of social policy in moderating the inequalities not interdependent with work. There are those who dispute even in principle that the state should assume all the costs of dependents. In any case, in regard to the foreseeable future, there is a need for principles in this area which will provide a good orientation. When developing these what must be kept in mind primarily is that the "deeper" the support offered a certain group or stratum the narrower will be the possibility for it. (Naturally we are not talking here about the allotments laying the foundation for the security of existence.) This interdependence also appears in the debate which has been conducted and is still being conducted concerning modernization of the system of housing management.

Our social interests require that preferences, supports and concessions serving to bring chances closer together should be determined for a broader circle of the populace, because in this way we might head off the development of new, undesirable inequalities. In addition this method offers the broadest possibilities for individual aspirations, for increasing performance and for a thrifty style of life.

Bearing the Common Burden

Realizing the socioeconomic goals which can be realistically set for the long run makes necessary--as we have seen from the foregoing--a rethinking and modernization of the distribution relationships, thus a continuation of the work begun in the middle 1970's. The results thus far suggest that going beyond what has gone before there is also need for a new mechanism of distribution, or more precisely redistribution, not used thus far. A possible solution for this would be introduction of a general popular tax system. (This could come up in the period of the Seventh 5-Year Plan on the basis of a separate decision.) A general tax system would be suitable for carrying out in a cultured way a number of economic interest and income regulation functions. Naturally this is not free of contradictions either! Here and now we will

mention only two characteristics of a popular tax system important from the viewpoint of distribution relationships.

The income and property ratios at any time are the results of complex, historically determined economic-social processes. One way to judge these is the extent to which they are in harmony with our fundamental distribution principles, with our social values. But there is also a short-range, primarily political principle of judgment; this is the ability of society to tolerate it at any given time, that is the extent to which the populace will bear the income differences existing in the given situation. For a long time here one could feel a high degree of sensitivity to high incomes. In judging incomes, naturally, the basic viewpoint is whether they are based on work, whether they are in harmony with the work done, with what was accomplished. Insofar as there is work behind the income it must be accepted and people must be made to accept it. Naturally getting people to accept it cannot mean that there is no need for further regulation. It is useful to keep income differences within a range of tolerance which is socially acceptable but does not hold back incentive. Determining this at any time is part of the "art" of politics, of economic policy. A general tax system could be a continual, flexible tool for keeping incomes within this range.

By the nature of the thing the standard of living development goals posted for the longer range cannot be opposed to one another. There is no sense, and it would be socially unacceptable, to ask which was more important--improving the situation of young people or of pensioners. Despite the fact that the various goals pertaining to the standard of living must constitute building blocks in a well ordered system in planning work, when making actual decisions and selecting the several alternatives these goals appear as alternative forms of using national income, and so willy-nilly they become opposed to one another. In a situation--and who would dispute that we are in such a situation today--where we must simultaneously improve the status of those with small pensions, families with many children and young people starting their careers, harmonic development requires supplementary resources. We cannot rely on external resources, as is well known, and even in the area of efficiency, although urgent, we must post realistic goals.

A social bearing of the common burden can be considered as a supplementary resource. This is a unique redistribution mechanism the essence of which is that the members of society contribute in proportion to their income or property to the realization of certain social goals of great importance. A system of personal income taxes might be the best tool for realizing a bearing of the common burden directed toward general goals. Forms of bearing the common burden or of common development relying on small, local collectives are beginning to develop too, and these have traditions among us. Let us think only of the recent past, what significant aid social work, or the participation of certain communities, gave to the development of nurseries or easing the problems troubling the general schools. Thus far social work has been the most typical form of bearing the common burden. In the future, in addition to the survival and further spread of this, there will be a need for new methods, partly of a different type. The modernized system of the regional development contribution about which the Presidential Council passed a resolution in 1984, for example, belongs in this sphere.

Naturally the base for the realization of our long-range social and economic development goals is a strengthening of the performance capacity of the economy, increasing efficiency, accelerating structural change and the greater profitability based on this. Now, in the period of intensive development, this depends fundamentally on the human factor, on the realization of the accumulated intellectual energies, human knowledge and creativity. In part the further development and modernization of the distribution relationships should serve this goal too. But it would be in vain for us to think that distribution relationships are simply subordinate to the economy. They have an outstandingly important role in the system of our social relationships, in the practical realization of socialist social values. The modernization trends being outlined within the framework of long-range planning should serve this goal as well.

FOOTNOTES

1. TARSADALMI SZEMLE, No 5, 1985, p 4.
2. "The 13th Congress of the Hungarian Socialist Workers' Party", Kossuth Book Publishers, 1985, p 199.
3. The so-called enterprise economic work associations (VGMK's) are the most populous of the new forms of undertakings. (At the beginning of 1985 about 200,000 people were active in the 17,000 VGMK's.) The average monthly income per member was between 3,000 and 4,000 forints last year. In general one can make a larger income than this in the other entrepreneurial forms. The ratio of the incomes coming from the enterprise and private economic work associations, other private activities and the industrial service special groups makes up 10 percent within work income.

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ECONOMY

HUNGARY

MAROTHY PRESENTS VIEWS ON 7TH FIVE-YEAR PLAN

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[Article by Laszlo Marothy, member of the MSZMP Politburo and deputy premier: "Growth, Its Conditions Under the 7th Five-Year Plan"; based on author's speech at the 24th Congress of Economists]

[Text] The acceleration of growth is one of society's real demands, and from it stems also the demand to thoroughly explore the opportunities for growth. Growth is also a central issue of our party and government's economic policy.

It must be made clear at the very outset that by economic growth we do not mean primarily an increase in the physical volumes of products. The acceleration of development is our objective in the sense of improving our economy's ability to generate income, so that we may allot for domestic use--for the productive sphere's development and the living standard's rise--as much as possible of the additional income produced in this manner.

Events within the economy are taking place with lightning speed, and this does not leave us much time for meditation. Admittedly, we are over the worst of the rearrangement of values in the world economy, which has been a very bitter experience for us. But we must assess our opportunities as quickly as possible and resolutely begin their consistent utilization. I may say without exaggeration that the 7th Five-Year Plan's elaboration in the right direction, and subsequently its successful fulfillment, will play a decisive role in switching the Hungarian economy to its new track of development.

Our Experience in Recent Years

The existing conditions guided our country's development to date in the well-known direction. We had to begin the economy's "forced" organization after the destruction caused by the war, and with a paucity of resources and an obsolete structure. Emphasis was necessarily on the great transformations.

This was both natural and possible at that time, because there were ample sources of extensive development.

The market's regulating effect, and its pressure on performance and quality did not manifest themselves. Anyone who heeded the slogan "Produce More to Live Better" truly felt that he was working well. The productive forces necessary

to produce more were available. The attainable efficiency was influenced significantly by the influx in industry of a million "inexperienced workers" between 1950 and 1975, mainly from agriculture.

Good results were achieved on the track of extensive development. But at the same time there accumulated also the stresses whose resolution is the task of today's creative and working generation.

So far as the results are concerned, national income last year increased five-fold over 1950; industrial production, ninefold; the construction industry's output, six fold; and the farm output doubled. These increases were based on a 1.2-fold increase in the number of persons gainfully employed, and on a 4.5-fold increase of the stock of fixed capital.

Many results of even the 6th Five-Year Plan itself, a period of the economy's consolidation, will stand comparison. The 13-percent rise of gross national product, and the 10- to 11-percent rise of national income must be rated as favorable, although they are backed only partially by performances typical on the track of intensive development.

It is common knowledge that we rank among the last third of the countries of Europe in terms of per capita gross domestic product. This position reflects well the order of magnitude of our productivity gap, and predominantly of our technological gap. In addition to the changes that the oil price explosions triggered in the world economy, this too has contributed to the unfavorable development of our export opportunities and export prices; in other words, to the worsening of our terms of trade that has been a drain on the domestic use of national income and on the standard of living. Hungary's terms of trade worsened by 26 percent from 1970 to 1983. The resulting loss is about 500 billion forints. Therefore, less and less money has been available for investment in the 1980's. But far more serious has been our failure to spend the available forints and convertible currency the most efficiently. It will suffice to mention the so-called age tree of the products produced with the investments: the proportion of new products within the output of state industry has been between 2 and 3 percent in recent years; and the proportion of products phased out in the current year has been 1 percent! The average age of the products is 16 years.

At this low efficiency of investment, our structural policy could not be truly effective in recent years. In many instances the efficiency of the rapidly expanding enterprises has not differed significantly from the efficiency of the stagnating or declining enterprises. A control mechanism of growth that is based on real efficiency has not evolved. We have not yet found a way to break the vicious circle:

--We are unable to discontinue obsolete and uneconomical production, because also the export from such production is necessary to improve our balance of payments;

--Uneconomical activities tie down substantial resources, diverting them from the development of progressive activities, and therefore we are unable to make our export economical!

There can be no doubt that we must seek in this latter area the point where we can break the vicious circle!

Our party's economic policy has provided the right answer to the world economy's challenges in recent years, to the external economic conditions that are becoming worse and worse from our point of view. Through higher performances, and predominantly by shifting the proportions of national income distribution, we have been able to stabilize our economic situation and to maintain our international solvency.

At the same time, the start of switching to the new track of development has required sacrifices. The stopgap measures have affected unfavorably the situation of the economic organizations and the population. Instead of the living standard's perceptible improvement year after year in the past, realistically we have been able to strive only for preserving its attained level, and even this has required a sharp curtailment of our investment.

Under the 7th Five-Year Plan, however, a further shifting in this direction of the proportions of national income distribution is not feasible, and the possibilities inherent in such a shift have already been exhausted. The further curtailment of consumption would be an increasingly severe test of society's tolerance. A restrictive investment policy would increasingly widen our gap in relation to countries employing modern, advanced technology; and in the final outcome it would result in our falling behind.

Thus our experience in recent years can be summed up as follows: we have recognized our problems and identified our tasks; and we are working intensively, but often still in the spirit of extensive development. However, practice and the results show that hard work and diligence in themselves are not enough. We have managed to remain on our own feet, but the danger of our falling back historically is not yet over. To avoid this we must work more purposefully, mainly more efficiently and in a better organized manner.

Present Factors That Determine Our Freedom of Movement

We will have to reckon also in the future with the international political conditions and the secular trends of the world economy. We can expect imperialism's extreme circles to continue their recurring attempts to gain military superiority. And the countries of the socialist camp will have to respond accordingly to maintain the balance of power.

In the world economy, the competition for markets will further intensify. The capitalist economies and their various economic integration will not abandon even in the future their aspirations to monopoly and protectionism.

In this sense, the external conditions for our efforts to develop our economy are not expected to improve, and they do not hold any promise of additional sources of financing the acceleration of our economic growth. We will already regard as a favorable development if the external conditions do not restrict our economic growth as much as they are restricting it at present.

Naturally, we will unalterably continue to cooperate with the capitalist countries, on the basis of our proven principles and practice. We wish to ensure

also from capitalist provenances the economic, technical and technological conditions essential to our economic growth. And we will definitely strive to ensure them.

In the coming years, too, we will continue to safely rely on our economic relations with the socialist countries and the Soviet Union in particular. CEMA and bilateral specialization, cooperation and trade will play a decisive role in stabilizing our economy under the 7th Five-Year Plan as well.

With greater care and more thoroughly than up to now, we must explore each other's opportunities, particularly in the areas of modern technology and of research and development, which are the overwhelming driving force behind economic growth.

We are firmly convinced that a great source of our economic growth lies in the perfection of CEMA integration.

Our hardest nut to crack is the vicious circle of ability to export--debt servicing--importation of advanced technology.

In this game we have always been in a forced move up to now, and remain in one for the time being. We must gain the advantage of a series of small moves to enable us to concentrate an ever-greater share of our export earnings on research and development, whereby also our ability to export will improve. Only through such, increasingly dynamic, "inching ahead" can we escape from the vicious circle. In the interest of our most promising development projects, therefore, it is essential that advanced technology account for an ever-greater share of our imports!

It is customary to cite our limited markets as a rigid barrier. We must not forget, however, that market limits are not an absolute category. Experience shows that somebody is always able to sell! Anybody can sell at a loss. But only competitive products can be sold profitably. This leads us to the same conclusion: the rigidity of the limits of our markets again depends on our ability to export.

To some extent the situation is essentially the same regarding our energy constraint. The energy constraint is stricter than ever before. Under the 7th Five-Year Plan our energy consumption may increase by 1 percent a year. Assuming a more favorable production structure, a 1-percent expansion of production could result in a 0.4-percent increase in energy consumption. But this will require modern equipment and technology, economic pressure and incentives to employ them, and--last but not least--economic discipline. Otherwise the procurement of the additional energy would again divert resources from the industries that act as engines of growth. We must finally take seriously that the cheapest energy is the one that we do not consume! This restriction of growth can be resolved only with energy-conserving research and development that permeates entire society.

When finalizing the 7th Five-Year Plan's system of goals and instruments, we must follow the instructions of our party congress and consider in a more

nuanced manner the most sensitive factor and our actual objective--man. We cannot disregard the interests of those who in the present are working honestly for the future. We cannot curtail our attained social achievements. Indeed, our social policy must show more initiative in some instances (on behalf of those who are truly in need).

Considering the past and the present together, we must perceive our tasks also here the way Comrade Janos Kadar put it at the 13th MSZMP Congress: "... we have reached a new stage in building socialism and developing our economy. We have advanced from the extensive to the intensive stage. This is a decisive step, because in the extensive stage we still had available resources; cost and quality did not matter as long as we got what we needed. But that period has ended once and for all." (Footnote) (KOZGAZDASAGI SZEMLE, No 6, 1985, p 674)

More Important Goals for 7th Five-Year Plan

At present we are still considering several versions. According to the most probable or so-called basic version, we expect:

- Gross national product to increase by 13 to 16 percent in five years; and
- Value added and net national product to increase by 14 to 17.

Per capita real income may increase by 2 percent a year on average. Both the net and the gross rate of capital accumulation may start to increase slowly, but will not reach their 1980 values by the end of this decade.

It is evident already from these key figures that it will be necessary to strive to derive the increases in output from improvements in efficiency. To achieve the aforementioned goals, overall efficiency in the material branches of production will have to increase by between 17 and 19 percent as compared with its 9- to 10-percent rise under the current five-year plan. Per capita net national product will have to increase by between 24 and 26 percent as compared with 14 or 15 percent previously. And the efficiency of fixed capital will have to improve by 7 or 8 percent, which is substantially more than the 1- to 2-percent improvement under the current five-year plan. These goals can and must be fulfilled to complete our recovery and to start closing the gap. Even if both favorable and unfavorable examples color our assessment of the situation at the start, and we are influenced also by this year's uncertainties.

What are we able to place in the service of economic growth?

Our basic objective under the 7th Five-Year Plan will be to close the period of the economy's consolidation and to begin its more dynamic growth. Thus our tasks will be directed primarily toward substantially increasing the economy's ability to generate income. Which means that in our economic policy we will continue to consistently assert the proven elements of the course that we have been pursuing since 1979. Naturally, our prospects of accelerating economic growth will be nil if we wish to achieve faster growth without changing the economy's structure and its driving force.

We must strive to identify and efficiently utilize the resources realistically available for economic growth.

To lay the foundation for economic growth, we must definitely speed up the production structure's transformation. The basic means of achieving this will be an export-oriented production and development policy that makes possible the establishment of high standards of production geared to market demand. In the interest of faster economic growth, it will be expedient to concentrate our intellectual and material resources in a few preferential areas, in accordance with our specific conditions, the international technical and economic trends, and the development of supply and demand. We will have to undertake first of all development projects for energy conservation in the entire national economy, for the utilization of scrap and reprocessed materials, and in general for the conservation of materials. It will be warranted to allot an increasing proportion of resources for the development of electronics, robotics, and biotechnology. These areas are the main driving force behind economic growth, and our government will support them also with central developmental programs, organized international cooperation, and various state action programs.

At the same time, we must not forget the importance of investments of the kind that raise the technical level of production in some narrower area, resolve production and distribution bottlenecks, and enable us to rapidly adapt to specific marketing opportunities. To an increasing extent, research and development must change primarily the microstructure.

To this end it will be necessary to provide suitably attractive conditions for the economic organizations and innovative collectives participating in this desirable structural transformation.

Differentiation based on profitability will have to be not only tolerated, but also promoted with the instruments of macroeconomic management and even of social policy. We will have to employ, more consistently than up to now, economic pressure and incentive mechanisms under which the enterprises will feel compelled to improve their performances and will also recognize that this is in their vital interest. Only in this way will we be able to make perceptible progress in improving the qualitative parameters, in uncovering the reserves within the domestic economy and work organization, in assessing more circum-spectly our marketing opportunities, and--in the final outcome--in reallocating resources to more profitable economic activities.

The fact that economic activities operating at low efficiency or a loss tie down significant resources is a heavy burden on our structural policy. For a variety of reasons, certain enterprises are unable to satisfy the requirements that stem from the changes in the external economic conditions, respectively from the subsequent tightening of our system of macroeconomic management. The profitability of their operations is low. Their problems are reflected, at these enterprises themselves and elsewhere, in insolvencies and queues. Regrettably, very often it is not yet possible to establish unambiguously the relationship between the financial difficulties on the one hand, and mismanagement, the inability to suitably adapt to the changes, on the other.

In those cases where the problems stem definitely from mismanagement, we will have to discontinue the present practice of resolving financial difficulties. In the future it will not be possible to pass onto the entire economy the burdens of independent enterprise operation and risk-taking. Thus the state will intervene much less frequently than in the past, only in the most warranted cases. However, the purpose of intervention by the state must be the permanent restoration of the enterprise's viability, and not merely a temporary bailout. But if it appears on the basis of circumspect analyses that not even reorganization by the state would be able to provide a long-term solution, the economic organization in question will have to be liquidated. Naturally, provisions will have to be made to find jobs for the workers, and to use the enterprise's resources more efficiently.

A sound structural policy cannot dispense with the sensible replacement of worn out capital. It has become the practice in Hungary to regard as natural every economic organization's right to maintain its technical level, without capacity expansion. This is true in principle and will remain so also in the future. But no economic organization operating under a profit incentive is entitled to government aid for this purpose. It must exercise this right independently.

A structural policy geared to our specific conditions requires carefully considered and coordinated development projects. The projects in their turn require additional resources and modern capital goods.

It is common knowledge that a large part of the modern equipment and processes can be obtained only from the developed capitalist countries. Therefore the expansion of our dollar-denominated export, and of the production of goods suitable for such export, remains a key issue of our economic development under the 7th Five-Year Plan. We must also strive to broaden our scientific and technical cooperation with these countries, on the principle of mutual advantages, and to employ all the forms of cooperation through which our technical and technological level can be raised. In the interest of more dynamic economic growth, it will be necessary to consider more resolutely than up to now the possibilities of attracting foreign operating capital.

We will have to strive more forcefully in the future to obtain from within the socialist economic integration an ever greater share of modern technologies and sophisticated plant and equipment. To this end we will actively cooperate in implementing the programs adopted at the high-level consultations. We will also have to propose new forms and methods of cooperation that will mutually contribute toward the output of modern products and the expansion of our trade, and will provide--through the perfection of market relations--more incentive for the joint financing of mutually promising activities.

So far as the additional resources to finance structural modernization are concerned, they will not stem necessarily from a substantial increase of the allotment for investments. There are greater reserves in spending the available financial resources more effectively. Profit, of course, will have to mean not the planned profit, but the actual profit after the completion of the investment. Because we have to shoot at a moving target, we will have to estimate more responsibly the foreseeable demand and the realistically attainable prices. Otherwise we will not be able to place in the service of economic growth the meager resources available for development projects.

In this area we are attaching high hopes particularly to the changing role of science and research in our economy. For we cannot be satisfied with the results to date or even with the approach. The scientific results and R&D work must be introduced on a wider scale at the plants. Innovation cannot remain the isolated task of certain organizations, but must permeate entire society. Not only production, but also education, medical care, transportation and trade, and even government. And this will happen only if society's material and moral recognition rewards innovative behavior.

Our faster switching to the track of intensive economic development will depend basically on the successful implementation of our economic policy. Therefore our system of macroeconomic management must be adapted continuously to the economy's realities, with due consideration for the requirements of the future. From our arsenal of instruments we must employ all the methods by which our efficiency can be improved. We are relying primarily on the already mentioned willingness to innovate, the encouragement of entrepreneurial behavior and the intensification of competition; and we are establishing the market relations, and the conditions of stimulation and regulation necessary for this purpose. We must take more determined steps to create the necessary conditions--in terms of approach, organization and regulation--for our domestic market relations.

Because we have placed profit at the center of the incentive system for our enterprises, they now justifiably expect us to remove all unwarranted obstacles to healthy competition and higher profits. We must enforce our principle that the government is responsible for supply. Producers ought to be able to sell where their profit is the highest. We realize that such an ideal situation can arise only when producers and merchants encounter real and wide-scale competition from imports. Until these conditions evolve, market disruptions must be avoided commercially, within the framework of the government's market supervision.

A suitable incentive system is necessary for the spirit of competition to evolve. Therefore we must enforce more consistently the principle that the enterprises' growth, their investment opportunities, and the rise of personal incomes must be linked to the development of the enterprises' profitability. The practice must cease under which differences in enterprise incomes are equalized through central interventions.

So far we have been unable to resolve the persistent conflict stemming from the stronger incentive to raise personal incomes than to increase profit. This fact necessitates the operation of independent systems of pay regulation. A change of attitude is also necessary for personal incomes to evolve that are backed by real performances. We must restore the prestige and recognition of activities performed during regular working hours.

The principle that more and better work deserves greater financial and moral recognition must be asserted, especially in enterprise wage policy. We cannot place one-sidedly in the service of economic growth the action mechanism of the systems of economic incentives. In addition to short-term stimulation, for later years the members of the collective--especially the ones who make enterprise decisions--must be given incentives linked directly to the increase and profitable use of the enterprise's net worth.

In the course of perfecting the system of macroeconomic management and especially the system of regulation, it will be appropriate to devote closer attention to the harmony of the value-creating and the real processes. We must take cognizance of the fact that ability usually is not a function of the incentive's strength. It is not enough to increase the incentive in cases when the objective conditions for the realization of a set goal are lacking behind the will to achieve the goal.

We must not forget the factor of time, either. Therefore we may rely on the spontaneous action of market forces, and on the regulating mechanisms' effect, only to the extent that we have ensured the conditions for their operation. Otherwise the exceptions will break through the basic rule, detracting thereby from the credibility of even the proven solutions. And this is something we can do without. Even so there are people who misinterpret our sound measures. They present our efforts to broaden enterprise independence, increase competition and establish market conditions, for example, as attempts by the state to shed responsibility. This is obviously not true. The state, macroeconomic management, will not move out of the economy; it will only make more lucid the system of rights and obligations! What we must achieve are clearly definable levels of decision-making. We must operate under a system of microeconomic management in which a sound combination of central and enterprise decisions directs the enhancement of the nation's wealth. The enterprise sphere is the principal scene of growth. This is why the process has started that will lead increasingly to the well-ordered definition of the state's role as owner, and of the enterprises' economic tasks. But guaranteed enterprise independence and increased economic responsibility are merely the framework for better work, an opportunity that the enterprise collectives must seize.

On the other hand, we must continue to perfect the government's work. This means not only the decentralization of authority and responsibility within reasonable limits, and the upgrading of state administration, but also that important economic questions are presented to the government for decisions in due time and in suitably prepared form.

State administration will have to play a more active role primarily in objectively exploring our specific conditions and long-range opportunities, and in developing our external economic relations. It would be reasonable to provide more detailed and more reliable information, and more responsible guidance, for the enterprises' developmental concepts.

Some institutions within our system of government are the subjects of debate among economic experts. Recently the economic press, too, has been devoting space to these polemics. We are aware that also the government's activity must be geared to our aspirations. Work, with the inclusion of experts, is proceeding in this area as well, and we will be adopting and introducing the necessary measures in line with the progress in the economic mechanism's further development.

Not even under the 7th Five-Year Plan will we introduce (or intend to introduce) profit-oriented competitive activity in every area. The preservation of our socialist achievements, and the strengthening of our socialist way of life demand that we offset with central measures the profit incentive's limitations in the basic areas of health care, education and culture.

In accordance with our ability, it will be reasonable to ensure suitable economic growth for the productive infrastructure as well, especially in the areas where the present conditions are hampering also the realization of our planned goals. I have in mind primarily the situation of the telephone network and of the railroad. We should mention in this area of activity also food production. Food supply is an important factor in shaping public satisfaction, and therefore food supply's developmental opportunities must be ensured within the limits of sensibly utilizing our specific conditions. We cannot expose domestic supply to the world market's capricious and highly manipulated trends. However, we must take the world market's secular trends into consideration in feasibility studies of our export-oriented development projects.

In the future we will have to take into consideration more purposefully, and especially more practically, the fact that also society's sense of well-being is a productive force in a certain sense. Certain negative phenomena (for example, incomes not commensurate with the work performed, and financial careers divorced from their usefulness to society) may lead astray even some of the well-meaning intellectual energies and undermine civic discipline; in other words, they may absorb the energies for growth.

We must strive by all means to provide suitable opportunity for the performance and recognition of progressive work, and simultaneously for differentiation in accordance with value. Society will accept and recognize living-standard differences that stem from real value-creating work.

The preceding, of course, are not things that can be realized overnight, by waving a magic wand. The formation of consciousness begins with education in school, within the family, and at work. Here I have in mind not only education based on moral values or the curriculum, but also the motivating force of good examples.

To sum up what has been said above, it will be expedient to single out the key questions that can best serve economic growth.

Under the 7th Five-Year Plan we have to anticipate the following more important questions, to which we are now formulating unambiguous answers:

--The maintenance and consolidation of the national economy's external and internal equilibrium, and of the harmony of the two;

--To develop a more efficient economic structure, the ensuring of competition- and tax-neutrality for the various sectors of the economy, respectively for the economic organizations assigned to different forms of income regulation;

--Between the agencies of macroeconomic management and the economic organizations, smoother cooperation that makes for greater predictability and stability;

--Curtailement of income redistribution through the state budget and reinforcement of entrepreneurial ability, based on an increase of efficiency;

--Exploration of the feasibility of an anti-inflationary macroeconomic management practice (one that slows down the rate of rise of prices, and simultaneously transforms the economy's structure), and the establishment of the conditions for such a practice;

--Reinforcement of the net-worth incentive within the economy; and

--Financial recognition of innovation, new technology and technical improvements to provide incentives for them, and the operation of a system of state preferences that selectively supports this objective.

We cannot dispense with the profound and responsible creative work of our economists for the successful realization of these macroeconomic management measures that are intended to broaden our economy's scope.

I hope that those present share my optimistic assessment of the prospects for the realization of the 7th Five-Year Plan's principal objectives. I believe that all the prerequisites for their successful fulfillment are at our disposal.

With its definite and consistent policy, our successful party congress has pointed out the right direction. The masses understand this policy and are supporting it. All this fills us with justifiable confidence. I am certain that the Hungarian economists will contribute valuable ideas to this very demanding yet uplifting work.

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ECONOMY

HUNGARY

HOOS SPEAKS FOR PLANNING OFFICE ON 7TH FIVE-YEAR PLAN

Budapest KOZGAZDASAGI SZEMLE in Hungarian No 9, Sep 85 pp 1033-1040

[Article by Janos Hoos, doctor of economics, state secretary of the National Planning Office: "Growth Versions, Priorities in 7th Five-Year Plan; based on author's speech at the 24th Congress of Economists]

[Text] We will have to continue also under the 7th Five-Year Plan the proven practice of planning in different versions, and of identifying suitable points of main effort and priorities, according to which we then rank our objectives. It will be possible to determine on the basis of the specific situation at any given time which of these versions and objectives are to be the guide to action. This is not simply a methodological or technical approach, but a requirement that stems from the Hungarian economy's objective conditions. This is true particularly under the conditions of the foreseeable future.

Our Economic-Policy Objectives

We have to solve difficult and epoch-making tasks Under the 7th Five-Year Plan: we must accelerate the Hungarian economy's adaptation to the changes in the world economy. This is a prerequisite not only for equilibrium, but for the Hungarian economy's development and growth as well. Should we fail to relatively keep pace with the world economy, the growth rate of our economy would necessarily slow down further, and external economic equilibrium could be improved only at the expense of domestic consumption, which obviously would not be feasible in the long run. All this presupposes also pronounced changes, besides continuity, in the practice of economic policy. An essential continuity in economic policy is the retention of the task of improving external economic equilibrium, of reducing our net foreign indebtedness. But at the same time there are the following important changes:

--External economic equilibrium must be improved entirely from the produced additional resources, without any curtailment of national income's domestic use; indeed, national income's domestic use must even rise (the plan at present reckons with a rise between 2.0 and 3.5 percent a year, as compared with a decline of 0.6 percent a year in the current five-year period);

--The preceding change presupposes a certain acceleration of economic growth (in contrast with an average growth rate of 2 percent a year in the current five-year period, we are projecting a growth rate between 2.0 and 3.5 percent);

--On the basis of all this it will be possible to increase investment in the national economy (at a rate between 2.0 and 7.0 percent a year, in contrast with the 3.1-percent average annual rate of decline in the current five-year period);

--Favorable goals can be set also for the living conditions and standard of living, particularly for the rise of real wages (at a rate between 0.5 and 1.5 percent a year, in contrast with a decline of 1.2 percent a year in the current five-year period).

We must realize, however, that a sudden drastic change in economic policy will not be possible. Change can only be gradual, and even the exact time of its occurrence is uncertain: it may be delayed, depending on how the conditions evolve. Among these conditions we should mention especially the following:

1. The external economic conditions that to a large extent are beyond our control, particularly the market conditions, prices, credit terms, and interest rates.
2. The rate at which the favorable effects of perfecting the system of macro-economic management unfold; this rate depends basically on us.
3. Finally, something that depends on us as well as on the external economic conditions: how the economic situation develops in 1985. For 1985 is the 7th Five-Year Plan's base year, and therefore it will of course determine many things.

Plan's Versions

The relative predictability of how the aforementioned conditions will develop is what objectively warrants open-ended and flexible planning. In practice, planning means that we prepare different versions of the plan, schedule and divide the plan's horizon into phases, and set suitable priorities. Planning is proceeding in three principal versions, and separately for two phases. Of the two phases:

--The first phase comprises 1986-1987 (respectively we include here also 1985 as the base year);

--The second phase comprises the years 1988-1990.

In the first phase, by our judgment at present, we have to complete the process of consolidation that began in 1979, strengthening our external economic equilibrium, and thereby providing the foundation for faster economic growth later, and for a faster rate of rise in national income's domestic use. In the second phase, relying on the acceleration of economic growth, we must round out the positive changes in our economic policy.

It must be emphasized that the durations of these phases may shift, and especially the first phase could take longer. (On the basis of the data for 1985, regrettably, there is a real danger of this happening.)

The plan's three principal versions differ from one another basically in their rates of economic growth--i.e., in their rates of creating resources--and consequently in the rates of national income's domestic use, depending on how the factors that determine economic growth develop, respectively on how we are able to shape their development. The most important factors that determine economic growth are as follows:

--Our nonruble-denominated export;

--The extent to which we are able to reduce our nonruble-denominated foreign debt, and the related credit terms and interest rates. (These two factors basically determine also our nonruble-denominated import, and thereby also our production to a large extent.)

--Our ruble-denominated import, which basically determines our ruble-denominated export in view of the fact that in ruble-denominated trade we are unable to attain an export surplus that hinges on substantial lending; indeed, it would be desirable to maintain a certain amount of debt in such trade;

--The development of our terms of trade; and

--How much of an improvement we are able to achieve in the domestic economy's efficiency, particularly in terms of the specific consumption of energy and materials, and of the increase of net income. (The plan anticipates an increase of 1 percent a year in energy consumption. This includes a 3-percent annual increase in the consumption of electricity, which is a very stepped-up target.)

Each of the mentioned factors is of decisive importance. As direct constraints on growth and extremely rigid conditions, nevertheless, we must regard our nonruble-denominated export, the expansion of ruble-denominated import, and the development of energy consumption. For these factors more or less reflect the other factors as well. Better management, for example, could increase our export and reduce our terms-of-trade losses; and the expansion of our export to capitalist countries would provide more favorable opportunities to import and to reduce our foreign debt. In other words, these are the factors we must concentrate on if we wish to accelerate economic growth. These are the immediate priorities whose effectiveness the other conditions must support, thus primarily also the conditions of macroeconomic management.

Of the plan's three versions, we regard version II as the most probable one. In other words, this is the version that today can be based with the most certainty on the foreseeable external economic conditions and on the attainable domestic improvement of efficiency. Therefore we regard version II as the basic version, and further planning work is directed toward its detailed elaboration and substantiation.

What are the principal numerical characteristics of the versions?

The average annual growth rate of GDP [in version II] will reach about 2.5 percent in 1985-1987 (as compared with 2 percent a year on average during the preceding five years); in other words, some acceleration will be noticeable

already in the first phase (later, in 1988-1990, the average annual growth rate of GDP will be between 3.0 and 3.5 percent). A modest increase in investment and the maintenance of average real wages will be feasible already in the first phase, and the growth rates of both indicators could rise in the second phase. Investment during the five years will increase by 4 to 5 percent a year on average; and real wages, by about 1 percent a year (to a total of 5 or 6 percent for the period). Nonruble-denominated export will expand by 3.0 percent a year on average (import, by 4 or 5 percent); and ruble-denominated export, by 3 percent (import, by 2 percent).

This is the version that basically satisfies the requirements which social policy sets for economic policy, and therefore everything possible must be done to provide a solid foundation for it. However, the possibility cannot be excluded that the conditions may evolve less favorably, just as there is some chance of their evolving, or being shaped, more favorably. For this very reason we must continue to consider how realistic the individual elements of the other two versions are, and therefore it will be expedient to elaborate them too, at least as secondary versions. Of these other two versions, version I is the less favorable one. It assumes:

--That we will barely be able to expand our economical export to capitalist countries;

--That our import denominated in convertible currency can be expanded at a slower rate, and therefore the expansion of our export will also be more moderate (between 2 and 2.5 percent, instead of 3 percent, a year; and at the same time import will increase by 3 or 4 percent, instead of 4 or 5 percent);

--That simultaneously we will be forced to make relatively larger reductions of our foreign debt to both principal areas; and

--That the economic processes in 1985 will depart significantly from their planned development.

Under these assumptions, the average annual growth rates might develop as follows: of GDP, between 2 and 2.5 percent, instead of 3; of GDP's domestic use, 2 percent, instead of 3; of investment, 2 percent, instead of 5; and of real wages, 0.5 percent, instead of 1. The growth rates might be even lower in the first phase of the plan period: investment, for example, would merely be maintained at its base level.

Version III assumes essentially the same external economic conditions as version II, but more significant improvements in efficiency at home. Export to capitalist countries would expand in this version by 4 percent a year; GDP would grow by 3.5 percent a year; and GDP's domestic use, likewise by 3.5 percent. The targets in this version are stepped up especially for export and its economic efficiency, and for a favorable specific consumption of energy. (These faster growth rates would have to be supported by a 1-percent annual rise in total energy consumption, including a 3-percent annual rise in the consumption of electricity.) Nevertheless, the approximation of certain elements in this version, especially of the ones relating to production and the economic efficiency of export, is highly warranted.

From the preceding it thus follows that the reduction of our total foreign debt will remain our No 1 task also under the 7th Five-Year Plan, but there will be added to it a new priority: a certain acceleration of our economic growth. These two priorities can be asserted in their mutual coordination, provided certain requirements are met. The most important of these requirements is that, in principle, acceleration is feasible only as a function of efficient export denominated in convertible currency, and of socialist import. Unless acceleration is based on these two factors, it would come into conflict with the requirement of reducing our total foreign debt, because faster growth could be maintained only by attracting external resources. We have already tried this road once and are familiar with its unfavorable consequences.

However, the requirement is not merely that total foreign debt must not increase; it also has to be reduced. Already for two reasons. First, debt servicing places a heavy burden on the economy, mainly because of the high rates of real interest (which are by no means a small drain on the economy). Secondly, we are able to maintain our long-term creditworthiness only if we demonstrate that the Hungarian economy, through its export performances, is able not only to service but also to reduce its foreign debt, and is thus basing its growth not on obtaining more foreign loans but on using its resources more efficiently. In other words, creditors have to continuously convince themselves that our country is a reliable debtor, and therefore they are always willing to provide the credits that an economy in equilibrium requires. (Parallel with reducing our total foreign debt, we necessarily have to obtain a substantial volume of foreign credit, respectively we have lively credit transactions with foreign countries.)

Consequently, we cannot concur with those who:

--Wish to accelerate growth independently of the realistic and efficient export and import opportunities, without actually taking them into consideration; and/or

--Propose to accelerate growth at the expense of the requirements of external economic equilibrium. By how much our total foreign debt ought to be reduced may be the subject of debate, mainly in conjunction with the annual plans. But there is no realistic alternative to debt reduction.

Were we to follow the road corresponding to the aforementioned efforts, we could score some success for a time, consisting of very easy and truly temporary results. Within a relatively short time, however, this would prove to be a blind alley. And we would lose much valuable time. We must achieve meaningful and sustained development by improving the efficiency of production, and the economy's ability to generate resources. This road is truly the more difficult, but also the more effective.

Our Specific Tasks

From the macroeconomic conditions and requirements of economic growth there follow also more specific tasks for the individual partial areas. These specific tasks more or less define the priorities that must be observed, and also the available alternatives.

The key issue in production is its orientation: it is unambiguously clear that production cannot be anything other than export oriented. However, this does not exclude sensible import substitution; and import ought to be substituted where feasible. In principle, however, we can better adapt the Hungarian economy to the world economy only by improving our ability to export. Our economy has been a so-called export-led economy for years, and it will become increasingly so in the future. This is reflected also in the plan's principal versions: as we have seen, export and the growth rates are very closely inter-related.

External economic activity and domestic developmental efforts must start out from this basic requirement. It cannot be said as yet that we have matured to our new and greater tasks in these two areas.

In conjunction with the external economy, we can single out the following:

--Within CEMA, new opportunities must be uncovered for accelerating the expansion of trade. But the main effort must be devoted to the expansion of import, and through it to the expansion of mutual deliveries, and also to the elaboration of new methods and forms of cooperation that will make such expansion possible.

--New forms and solutions are necessary in trade with nonsocialist countries as well. In addition to the traditional commercial and commodity-trade relations, better use must be made of the opportunities inherent in leasing and in attracting operating capital. Unless we avail ourselves of these opportunities, we would be able to make only modest progress, without much hope of attaining the planned rates of export expansion. These are important conditions also for the acceleration of technological development.

In sum, we will be able to support the plan only with a foreign-trade policy that is more active and more purposeful than up to now, and employs a greater variety of instruments.

In developing the domestic economy, we will have to subordinate the following to the orientation on export, and to sensible import substitution that supplements this orientation:

- Technological development;
- Investment activity; and
- The directions that structural change must follow.

Decisive in this respect is basically the efficiency of the available resources' use, and not their volume. If we do not use the available resources selectively enough for the expansion of economical export, and primarily for the sensible substitution of our imports of energy and basic materials, then we would be unable to achieve our goals even with more resources. Resources (mainly investment resources, and imported equipment and technology) may be advanced for new production capacities, and for the expansion of existing ones, only to the extent that a meaningful and efficient return of additional resources can be safely predicted. (For example, additional national income

actually available for distribution and use, instead of losses resulting from the worsening of our terms of trade.)

It is absolutely essential to satisfy this requirement because resources will remain very scarce also under the 7th Five-Year Plan. In accordance with this, however, it is likewise true that also additional resources will be formed for faster economic development, commensurately with how the meaningful improvement of efficiency accelerates economic growth. But the emphasis is on "commensurately." The national economy cannot afford development projects that are inefficient and do not produce marketable products. Indeed, it is an urgent task to phase out uneconomical production that generates losses and development-fund deficits that must be offset by reallocating resources from efficiently operating enterprises. There has been agreement in principle on these issues in the course of planning, but quite a few development-related controversial questions have yet to be decided in certain specific areas, and there are even more contradictions that will have to be resolved. In relation to industry, it will be worthwhile to point out two of these contradictions.

First, the coordination of the developmental or investment demands and export tasks of the basic materials industry, power industry, and manufacturing. The outstandingly high export tasks in manufacturing, and in the machine industry in particular, are to be fulfilled under significant changes in the structure of marketing. (In the machine industry, for example, ruble-denominated export is expanding by about 30 percent in 1981-1985, but an expansion of only 10 to 15 percent will be possible through 1990; and export denominated in convertible currency will have to be expanded by between 35 and 40 percent, as compared with the anticipated 20-percent expansion under the current plan.) Entire manufacturing's export denominated in convertible currency would have to be expanded by 30 percent in five years (as compared with an expansion between 15 and 20 percent in 1981-1985). Technologically we would be able to support manufacturing's increased tasks only by reducing the shares of investment in the basic materials industry and power industry, in favor of manufacturing. So far planners have been unable to find a way to do this.

Secondly, development of specific energy consumption in a way that would satisfy the plan's requirements has not been solved to satisfaction as yet. This is not the task of industry alone, but its fulfillment depends to a considerable extent on industry, respectively the task is closely related to industry's modernization. We must make do with a 1-percent annual rise in energy consumption, including a 3-percent annual rise in the consumption of electricity, because a higher demand for energy could be supplied only through a substantial expansion of our nonruble-denominated import and/or a sharp rise in the share of energy investments, but this would seriously hamper the economy's modernization. Thus we must do everything in our power to fulfill this energy-management task, and therefore we are elaborating also a central economic-development program for this purpose.

Under the 7th Five-Year Plan the tasks and economic-policy significance of industry will thus increase considerably, last but not least because the share of the other branches in the expansion of nonruble-denominated export will decline, due to the market conditions and external economic conditions. As a

result, economical and marketable industrial activity will become the main vehicle of national economic growth; or more accurately, industry must become this vehicle. Very much will have to be done in the next round of planning to provide a better foundation for this.

All this is closely linked also with how the situation of the agriculture and food-industry branch will evolve under the 7th Five-Year Plan. In the coming years, market conditions and economic efficiency will determine even more the possibilities for the expansion of production. The combined effect of these conditions could hamper or slow down the growth of production in this branch. It will be possible to expand exports to capitalist markets only to a limited extent, with products of better quality, in a wider assortment, and at an economical increase in the degree of processing (which is a very difficult task). There can be only a moderate increase also in domestic sales. The volume of rubel-denominated export, however, will expand vigorously. If the increase of production is achieved under faster adaptation to market demand and market conditions, and at an improvement in economic efficiency, then even a track of faster growth could evolve. It would aid this process if the expansion of the farms' ancillary operations, as one of the sources of higher farm incomes, could again accelerate.

It follows from the preceding that in the agriculture and food-industry branch it has been possible to substantiate only a more modest growth of production than in the past: according to our present knowledge, we can target a 7- to 10-percent increase in the output of farm products, and a 12- to 15-percent increase in the production of the branch itself. Which does not mean that the attainment of these targets will not be an outstanding and commendable result, especially in view of maintaining and exceeding the base-year volumes that are high by international standards. Primarily agriculture's economy-stabilizing role will become prominent; other branches--mainly industry, as we have noted earlier--will have to assume the growth-accelerating role. And to strengthen agriculture's economy-stabilizing role, we need to formulate a developmental policy that is able to assert these requirements and also permits a certain shifting of emphasis in comparison with the past.

In the area of developing the productive infrastructure, the national economic plan starts out from the realization that, without modern infrastructural branches, neither the productive branches nor the activities decisive for the population's living conditions and standard of living can operate in a manner that meets the requirements of our time. Therefore all three versions of the 7th Five-Year Plan treat the infrastructure's development differently than in the past. This different treatment is reflected in that the volume of productive infrastructural investments will increase--for the first time in many decades--commensurately with the development of the productive sector itself. The infrastructure's capital expansion, at the same rate as in the productive sphere itself, will arrest the previous declining trend of the capital-labor ratio in the infrastructural branches and will even make preferential development possible, at rates differing by versions.

Version II (the basic version) of the national economic plan treats communications preferentially, with a 75-percent increase of the resources available for the development of telecommunications. The relative lag of the area in

question, and the realization that not even the productive sector of a modern economy is able to function without an efficient and sophisticated telecommunications infrastructure, warrant such preferential development. The plan's data reflect the realization that any further delay would be an obstacle, not readily quantifiable but widely felt, to the production structure's modernization and to raising the economy's technological level. The allocations for the development of telecommunications in the national economic plan's versions are limited by the paucity of resources, and not by the perceived importance of this area of development. Regarding the telephone situation, for example, even much faster and greater development would be warranted on the basis of both production and civic considerations.

A debate is still going on as to the feasibility of developing the telephone network at a faster rate than what the plan provides for. The debate centers essentially on resources: whether it would be feasible to accelerate development at the expense of other branches, and by attracting the population's capital participation, and preferably to double in this manner the investment in telecommunications under the current five-year plan.

Within the productive infrastructure there are also branches for which it is not possible to provide macroeconomic preferences, but within which points of main developmental effort can be established. Within the essentially unchanged volume of investment in transportation, for example, there will be a modest opportunity to modernize the railroad; and within the management of water resources a perceptible improvement will be possible in the supply of good drinking water and in protecting sources of water supply. Real progress presupposes the application of version II, because version I would curb investment in every infrastructural branch other than the postal service and telecommunications.

Macroeconomic Management's Modernization

In the versions of growth, macroeconomic management's modernization is the factor over which we have the most control. The coming period may be divided into two phases also in this respect. In the first phase (practically through 1987) we must strive to forcefully implement the already adopted modifications and to gradually remove some of the brakes built into the system earlier (for example, in the area of wage and income regulation, in the application of bargaining procedures, and in providing state preferences). And in the second phase we can expect the introduction of new elements, including the banking system's development, a new system of personal income tax, and a certain redistribution of society's net income within the sphere of circulation.

Modernization of the economic mechanism's elements obviously will depend on how the real processes evolve during the plan period. The rate of the centralization of enterprise incomes, for example, has long been a central issue of our system of macroeconomic management. If in the course of national economic planning we are unable to provide the basis for development processes that require relatively smaller investments in the power and basic materials industries than in the past, then an increase in the centralization of enterprise incomes will be unavoidable. But if the economy is able to grow in a structure that corresponds to our specific conditions, then the rate of the centralization of enterprise incomes can be maintained or reduced. Economic policy is

aiming for such a reduction because enterprise independence can truly evolve on this basis, and then the profitable enterprises will be able to grow faster. We may say that today it is not even possible to predict with a suitable degree of certainty the necessary rate of the centralization of enterprise incomes.

The national economy's income processes during the plan period will be influenced to a large extent by the demand for large-scale state investments, and by how the enterprises' ability to generate income will evolve. The presently known demands for large-scale state investments, and for the assumption of investment obligations stemming from CEMA cooperation, are a heavy burden, especially in the first phase when the growth rate of the resources available for distribution is already slower. The experience to date in planning indicates that the enterprises' ability to generate income will not increase as yet at the desired rate. And if we are unable to make progress toward greater efficiency in the creation of new value, then demands for the state to supplement enterprise incomes will foreseeably increase. And this will necessitate the centralization of enterprise incomes by the state, and an increase of the state budget's undesirable redistributive role.

The ability to generate income is of key importance also from the viewpoint of one of the coming period's central issues: successful implementation of an anti-inflationary policy. The following twofold demand is being formulated more and more definitely: on the one hand, prices should be able to reflect costs and the market's messages (changes in quality, the conditions of supply and demand); and on the other, the general price level's rate of rise, and especially that of the consumer price level, must slow down. On the basis of the analyses and feasibility studies to date as background material for the decisions, it can be said that an effective anti-inflationary policy cannot be based solely on administrative instruments. For such an approach is able to produce results only in the short term. In the long run, however, it will make the economy's structure rigid and hamper the improvement of the efficiency of production; because of this it will be necessary to increase consumer and producer subsidies, thus unavoidably undermining macroeconomic management's efficiency-stimulating effect. Moreover, if not enough income is generated, real wages will not be able to attain their planned rise, either. And if we raise nominal wages in the interest of stimulation, we may be forced to raise consumer prices. Thus the improvement of efficiency and of the ability to generate income is the key to the realization of a successful anti-inflationary policy. At the same time, of course, it is also necessary to employ a suitable system of state instruments (in addition to developing a market and establishing competitive conditions, there is also need for central rules, statutory regulations, strict price control, etc.). Only such a two-pronged approach can produce suitable results.

From the preceding it is evident which are the questions that the first round of national economic planning has outlined fairly accurately; and which are the problems for which we must gain additional information and find possible solutions in the few months remaining.

ECONOMY

HUNGARY

BECK PRESENTS PLAN VIEWS OF CHAMBER OF COMMERCE

Budapest KOZGAZDASAGI SZEMLE in Hungarian No 9, Sep 85 pp 1041-1046

[Article by Tamas Beck, honorary professor, director general of Budaflex Flax Spinning and Weaving Enterprise, chairman of the Hungarian Chamber of Commerce: "The Enterprises and the 7th Five-Year Plan"; based on author's speech at the 24th Congress of Economists]

[Text] The enterprises have begun to formulate their views regarding the 7th Five-Year Plan earlier than for any of the preceding five-year periods. This can be attributed to the fact that the central planning agencies elaborated the plan's concept in due time.

The Hungarian Chamber of Commerce has debated before several forums the plan's versions, the partial concepts, the views of the National Planning Office regarding economic policy, the concept of a block of more closely related industries, and the goals formulated in the enterprises' strategic plans.

The substantive questions of the 7th Five-Year Plan's concepts have been strongly influenced by the general economic-policy information on the state of the economy and on the probable and possible directions of its development, and also by the effects of the increasingly stricter economic environment. The following must be noted in conjunction with the three versions of the plan's concept: although they are aware of the Hungarian economy's difficulties, very few of the enterprises can imagine that the stagnation of development activity will continue for another five years, together with the rapid widening of our relative lag.

In the course of the technical and economic concepts' elaboration, respectively during the current drafting of the plans:

--Every enterprise has evaluated the changes taking place under the 6th Five-Year Plan and has thoroughly analyzed its own situation;

--Parallel with this, there has been an upsurge in gathering market information, assessing the marketing opportunities, and estimating the changes in the economic environment;

--On the basis of surveying their marketing opportunities and commitments, the enterprises have been considering the feasibility of factor substitutions in their combinations of productive factors.

By analyzing these three principal groups of factors jointly, the enterprises have formulated, and are continually refining, their main goals for the period of the 7th Five-Year Plan.

Besides gathering general information, the industrial enterprises have been able to follow the substantive evolution of the block-of-industries concept's different versions, the efforts to identify the directions in which entire industry is heading. The enterprises had several opportunities to become acquainted with the block-of-industries concept; by expressing their views, the enterprises have helped to formulate the substance of this concept. As a peculiarity of our industry, it is worth noting that the block-of-industries concept had also a fourth version, prior to the elaboration of the latest views on economic policy. This version had the support of the widest circle of enterprises. In the opinion of the macroeconomic managing agencies, however, this version is not a realistic one, in view of what resources are available.

1.0 Drafting Enterprises' 7th Five-Year Plans

Within the framework of the preparations for drafting the 7th Five-Year Plan, the Chamber of Commerce conducted a questionnaire survey to determine the expectations and intentions of about 60 enterprises that had been invited to participate in planning.

1.1 Survey Results

The overall picture of the economic processes is not a favorable one at present. This fact is adding to the stresses in the enterprises' operations: problems are beginning to pile up, overshadowing the efforts to find ways of resolving them.

The enterprises understand the national economy's difficult situation, but they sometimes feel that the accumulation of problems is greater than what the economy's financial situation warrants.

I am convinced (and every chief executive readily admits) that there are vast reserves in the enterprises' operations, and the utilization of these reserves would enable us to reduce the national economy's problems. However, the uncovering of reserves does not depend on the subjective factors of volition or behavior; the processes pointing in the right direction must be stimulated and compelled.

The frequency with which the economic regulators are changed strengthens the short-term approach. It is desirable, therefore, that the changes be predictable.

The excessive centralization of enterprise resources, the curbs on development projects, and the paucity of capital are confronting the economic units with more and more insolvable problems.

The following general conclusions may be drawn from the enterprises' plans for the 7th Five-Year Plan's period:

--The enterprises are viewing their manpower situation pessimistically. The planned reductions in personnel are realistic, but the turnover of the available personnel and the steady decline of its quality are influencing unfavorably the enterprises' expectations. To compensate for the reductions in personnel, some of the enterprises have been seeking solutions that would permit the redeployment of personnel, but most of these solutions would not be shifts toward enterprise and national economic efficiency. New capacities to replace the existing ones would require investments with long payoff periods. Production cooperations established with the ancillary operations of the agricultural cooperatives could alleviate the squeeze of wage regulation, but as a rule they would lower the social productivity of labor. And foreign labor is too expensive.

--Under the 6th Five-Year Plan, the state budget's tax policies have gradually narrowed the enterprises' opportunities to expand their fixed capital. In some areas within industry in the first year of the 7th Five-Year Plan, the ratio of the gross to net value of fixed capital will probably drop to its 1980 level, and thus our relative technological gap will widen further. At the same time, existing plant and equipment is not being utilized adequately, either. The enterprises' fixed capital could produce more output and a wider assortment of products than at present. To a large extent this contradiction can again be traced to the manpower situation: the reductions in personnel are increasing idle capacity, and utilization of the quality of plant and equipment is worsening due to the declining level of skills (there are problems in vocational training, industrial occupations are losing their appeal, etc.). Lax labor discipline, too, is affecting unfavorably the utilization of the quality of plant and equipment.

--The financial situation of the enterprises (even of the best ones) is uncertain. The increasing centralization of enterprise income, and the unpredictable changes in the methods and schedules of centralizing income from the enterprises, have led in many instances to a shortage of capital that adversely affects efficiency.

The shortage of money is creating increasing problems also in the mutual relations between enterprises and is undermining domestic cooperational relations as well. As a result of the contradictions between the national economy's general requirements and the regulators, the enterprises' interests frequently are in conflict with the interests of the national economy. To sum up the situation succinctly, we may say that the enterprises have very little money for fixed-capital expansion; and even the enterprise that has some money is often forced to think twice about assuming a loan-repayment obligation at a high rate of interest.

--Due to the pressure of circumstances in recent years, the national economy's stocks of materials have generally been reduced, and inventory levels in some areas have dropped close to safe minimal values. The possibilities inherent in the structure of the consumption of materials, the cuts in their specific consumption, are clearly reserves for the improvement of efficiency. However, the haphazard deliveries of materials and the unreliability of the chain of domestic production cooperation usually do not make the uncovering of these reserves possible.

--The ongoing reorganization of enterprise management inevitably influences the assessment of the situation and the formulation of concepts. The enterprise plans are focusing their attention on opportunities for higher profit. This is the principal objective to which the enterprises wish to subordinate the substitutions and changes in their combinations of productive factors. In the mood of the enterprises it is already evident that the changes in the forms of enterprise management are reinforcing the short-term approach, at the expense of the strategic approach.

1.2 Market, Economic Environment Forecasts

The enterprises need suitable information to plan their expectations. A review is therefore warranted of what planning information the enterprises had at their disposal regarding:

--The probable development of market conditions, and the evaluation of marketing opportunities;

--The probable macroeconomic conditions, and the basic conditions of the enterprises' operations;

--The expectations of the enterprises' cooperating partners, and the mutual coordination of the expectations.

From the summation by the Chamber of Commerce of the views that the enterprises expressed in the survey, we are able to form a picture of how this demand for information has been met.

--The enterprises' assessment of the domestic market's probable development is rather uncertain. Many enterprises expect competition to intensify, specifically through their competitors' stepped-up activity in the domestic market. However, the ideas expressed in the 7th Five-Year Plan's concept do not adequately reflect the enterprises' expectations. Some enterprise circles (in the construction industry, for example) regard the development of domestic "sales" one of their least certain projections. Elsewhere (e.g., in metallurgy), under the influence of the acceleration predicted by the national economic plan's concept, domestic sales are expected to increase, occasionally at the expense of export to capitalist countries. In some areas (in light industry, for example) the possibility of shortages is indicated in relation to the demands from the three directions, because production is stagnating or declining due to the manpower constraint.

--Growing uncertainty is noticeable in assessing the socialist market's potential, and the probable feasibility of fulfilling our commitments. This is due in no small extent to the fact that the enterprises do not know whether the present rules for clearing socialist export (its profitability ratios) will change, and in which direction and by how much if they do. This uncertainty has been causing problems in preparing the plans, offers and contracts not only for 1985 but for 1986 as well. The clearing rules' lack of clarification and their short-term nature have led to proposals such as, for example, the one in ferrous metallurgy: let the foreign-trade enterprise switch to export for its own account in socialist trade, and then settle with the state budget.

There is uncertainty regarding also the probable development of pricing in socialist trade under the 7th Five-Year Plan, because prices will be determined primarily on the basis of international agreements, rather than enterprise figures and the outcome of negotiations.

--The enterprises, regrettably, do not anticipate as large an expansion of hard-currency-denominated export as national economic considerations call for. Practically every enterprise includes the expansion of export in its plan, but the many question marks regarding the conditions of economic activity make the enterprises noticeably cautious when it comes to estimating the rate of this expansion. This ties in primarily with the present assessment of the investment possibilities.

--The enterprises have little information about the probable development of the macroeconomic conditions. The national economic plan's concept is formulated in general terms, and from it the enterprises are unable to judge their own probable positions. The principal directions of development cannot be broken down at all to the enterprise or sectoral level, or only sketchily.

--The enterprises ought to be able to plan in detail the consequences of realizing the concept of development activity that is formulated in general outlines. The principal directions of development, such as electronics or biotechnology, will obviously affect many enterprises, including ones that operate in other areas but supply goods and services that are essential also to enterprises in the aforementioned areas. In practice, however, complex development --of the type that would make such all-round progress possible--has not been achieved up to now, and at the enterprise level it is extremely difficult to assess the possibilities and modes of financing it.

--The enterprises do not anticipate any significant easing of the present excessive centralization of their incomes (already because the macroeconomic expectations do not promise this, either), and they do not expect any substantial improvement in the price system's requirements and in the market conditions. Therefore every enterprise that anticipates growth during the five-year period makes its expectations contingent to a large extent on whether it will be possible to attract external sources of financing, including foreign operating capital.

--As before, relations between enterprises are not an essential condition in the enterprise plans. Today business relations between cooperating enterprises are clearly unreliable, and there is no sign of the economic environment's conditions under which this could improve during the next five years, and a meaningful abatement of the present constraints could be expected. In several instances (in light industry, for example) this has serious consequences for planning.

1.3 Expectations of Resolving Productive Factor Constraints

In conjunction with the changes in the economic environment, I have already mentioned that the enterprises are not expecting their financial situation to improve, at least not in the first half of the plan period.

The information obtained from the enterprises reflects the macroeconomic expectation that there will be slow growth in the first half of the plan period, and that the economic processes will accelerate after 1987.

The strengthening of wage regulation's incentive effect, and financial assistance to aid operation at a higher shift index, might produce a change in the manpower situation.

Regarding the quantity and quality of the basic materials consumed, the strengthening of the domestic raw material base and the expansion of ruble-denominated import could be of real significance. This would have to be closely linked, of course, with the structure of export by destinations, and with how the still pending tasks develop that are specified in international agreements.

The enterprise plans project many constraints on the productive factors. The main objectives of the 7th Five-Year Plan, however, can be achieved only through the more efficient utilization of the enterprises' existing possibilities. Here we have to think of the domestic improvement of quality and the structural changes that the policy decisions have unambiguously formulated as requirements for the national economy. But an essential condition is that the general public mood, the domestic environment determined by the economic regulators, aid the realization of this task.

2.0 Substantive Questions of Enterprises' 7th Five-Year Plans

As work on drafting the enterprises' plans proceeds, the main goals of these plans are gradually emerging. The following are some reflections on the substantive elements of the expectations formulated so far:

--The improvement of economic efficiency plays an essential role among the goals in the plans of practically every enterprise. Enterprise thinking clearly recognizes and expresses the need to improve efficiency, but great uncertainty is evident as to how the necessary conditions for this can be ensured.

The already mentioned picture, according to which practically everybody is relying on external resources for development, indicates that the enterprises are attaching less hope to an increase of their internal resources. But there are significant differences among the individual groups of enterprises in how they judge the likelihood of obtaining these external resources. There is extremely great uncertainty, for example, in metallurgy, in a large part of light industry, in certain sectors of the machine industry, and the food industry. But the chemical industry and one or two light-industry enterprises are very confident about the prospects of obtaining external resources. All this indicates that the enterprises' mood, reflected lately in their diminishing interest in starting development projects, will be carried over into the 7th Five-Year Plan's period.

--In accord with the National Planning Office's expectations, the reduction of the material and energy intensity of production likewise figures prominently in the enterprises' expectations, with the qualification that the conditions

essential to meaningful progress in this area are hardly available. We may regard as general the assessment that significant savings in the consumption of materials and energy cannot be achieved solely on the basis of the enterprises' decision to economize. Neither metallurgy nor the other branches of industry are expecting a radical change, and only along the fringes are there efforts in this direction. In the opinion of the enterprises, a meaningful result could be achieved only through a significant transformation of the product structure, but its capital requirement would be so high that the enterprises are unlikely to obtain the necessary capital. This raises the question as to whether the product structure's slow development can create a modern production structure that would make possible a meaningful reduction of production's energy intensity. The uncertainty is also a reason why the enterprises' plans hardly contain any meaningful ideas for changes that could influence the material and energy intensity of production.

--Caution is typical also of the enterprises' expectations regarding the improvement of their position in the market. Instead of actively influencing the market, most enterprises are choosing to trail the market conditions. As they see it, they will only be able to maintain their market position or to improve it slightly.

--In planning their manpower, the enterprises are not expecting any significant changes and see no way of influencing their labor turnover.

--In the coming period, the enterprises will again be able to influence the cost intensity of their production only with difficulty, because rising costs will probably remain a typical phenomenon, primarily as a result of the domestic conditions of economic activity. (A separate problem within this is the widening gap between the relative prices of farm products and industrial products.)

--There are few expectations that call for raising the degree of processing of the enterprise's products, or for increasing the value of the intellectual effort incorporated in them. This clearly reflects the development dilemma that our enterprises will have to be able to resolve by all means.

--There is hardly any reference to the import dependence of the performances under the 7th Five-Year Plan. Probably the enterprises expect the situation to remain more or less the same as at present, and therefore they are cautious also in their expectations regarding production. There are not many signs to indicate that the enterprises might be able to achieve significant results during this period in phasing out some of their products. It appears that product substitution and the sale of fixed capital will remain a problem also in the coming period. An exception to this will be only the enterprises able to attract significant resources for the realization of their expectations.

--In their plans the enterprises are reticent about their organizational development. A few enterprises are explicitly in favor of maintaining their present enterprise organization, which indicates that the current organizational changes--primarily the transformation of the system of enterprise management--are limiting the enterprises' expectations. However, growing emphasis is being

placed on the modernization of the enterprises' internal organization, and there are enterprises that expect significant results from the introduction of matrix management.

--What conditions will trigger the change in the rate of economic growth that is forecast for the middle of the plan period, and how this change will occur, is an open question in the enterprises' expectations. The national economic plan's concept has very little to say about this, and therefore the conditions ought to be included somewhere in the enterprises' plans. However, the enterprises' expectations do not provide an answer to this question. To all this we should add that acceleration, a faster growth rate, can occur only in the wake of suitable preparations. Whereas deceleration can be achieved by administrative means, the acceleration of economic growth is something entirely different and requires the action of factors that manifest themselves in the development of the economic processes. Thus if we expect a change in the rate of economic growth halfway into the plan period, we must make provisions already at the start of the plan period to ensure that the appropriate economic processes will unfold.

Under the 7th Five-Year Plan, industry's contribution toward improving national economic equilibrium will have to be more significant than up to now.

But the acceleration of industry's growth requires conditions and instruments that will make possible the product structure's modernization, greater competitiveness, better technological development, and more efficient organization and management.

Conditions of operation more advanced than at present will have to be ensured not only for industrial production itself, but also for all the factors (including communication, freight transportation, and trade) essential to industry's efficient functioning.

The productive sphere's increasing export-orientation demands active and even aggressive international activity. We will need an offensive marketing policy and will have to employ on a wide scale the novel methods of gaining market share.

A basic task for planning is to explore more thoroughly the productive areas' potential for creating resources, and to designate the activities that will provide the basis for an increase in the amount of income produced. The resources must be used in a manner that will enhance their economic and social efficiency. Priority in investments must be given to expanding the production of the sectors that will ensure a higher degree of processing and will supply economical exports. The preferential development of telecommunications will be desirable within the productive infrastructure.

In addition to the priorities in the policy on income distribution, care must be taken to ensure the harmony of taxes and incentives, the basic instruments of restraint and stimulation.

An important task in perfecting the system of macroeconomic management is to develop the management tools that will really give the enterprises freedom to make decisions within the existing limits, and will permit the expansion of their decision-making authority commensurately with their performances.

The value, appreciation and respect of industry, and of work in industry, must be restored. Decisive in the longer-range development of economic regulation is to undertake a comprehensive and structural reform of the tax system, and to give the enterprises more incentive--parallel with ensuring the proper conditions--to increase their performance and profits.

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ECONOMY

HUNGARY

FINANCIAL, POLITICAL ASPECTS OF DANUBE PROJECT DISCUSSED

Budapest MAGYAR HIRLAP in Hungarian 7 Nov 85, Supplement pp 1, 4

[Interview with Peter Havas, director general of the State Development Bank: "Lock System District"]

[Text] Work on the Gabcikovo-Nagymaros lock system (GNV) took new impetus from the Hungarian side following the government resolution of August this year. Peter Havas, government commissioner for the investment, stated for our compilation that we have an interest in having the installations yield benefits as soon as possible.

Peter Havas, director general of the State Development Bank (AFB), guides construction of the lock system for the Hungarian side; he is government commissioner for the investment. Our first question is connected with this.

[Question] What is the task of the government commissioner? Is there any significance that a bank expert holds this office on our side?

[Answer] This office was created on both sides by the interstate agreement; there is a separate little book about the tasks of the government commissioners. These are very broad and extend not only to the investment but also to future operations. Since everything here is joint and goes on a 50-50 basis, the government commissioners come to an agreement on interests and tasks, harmonize the work of the state guiding organs and the enterprises participating in the investment and make decisions in financial, technical, environmental protection and other questions. A joint operational group guides the work directly; I, as a government commissioner, do not have my own apparatus. My office at the AFB is connected with my commission only to the extent that our bank is also financing this investment. So the two functions are basically of a different nature.

[Question] You were appointed government commissioner in 1981. In this period our government initiated a modification of the interstate agreement and a postponement of completion of the investment. Did you have a role in this?

[Answer] Undoubtedly I was among those who considered it unavoidable, because of the changes which had taken place in economic conditions and because of the shrinking of developmental sources, that we should temporarily relieve the

budget of the expenditures planned for the investment. At the same time we could not ignore the fact that work on the joint undertaking was in an advanced stage. Finally, as a result of discussions, the interstate agreement was modified so that we postponed the handing over of the locks by 4 years each. Thus in the Sixth 5-Year Plan period we spent 2.5 billion forints on the investment instead of the 13.5 billion forints originally planned. In the meantime there was time for further scientific studies, at the government's initiative, and within the framework of a comprehensive analysis the environmental effects of the project were cleared up in a reassuring way. As a result of this the detailed planning work was enriched by a few new solutions, and these offer additional security against the possibly harmful effects.

[Question] One hears two types of figures in regard to the cost of the lock system; they are figuring with 34 billion forints at the 1981 price level while the expenditures are estimated at 53 billion forints at predicted prices.

[Answer] This corresponds to our planning practice; with investments which take such a long time we always figure on price changes in the meantime, with the effect of inflation.

[Question] How did the delay influence the final costs?

[Answer] This certainly had its price, but it is also certain that the burden today would have been "more expensive" than the burden will be tomorrow. In these years the work was concentrated on the Slovak side--this followed from the course of construction--and the Czechoslovak side also did work which originally we should have done. And since the property is joint property I can also say that the invested for us. We will repay this with electric power produced by the power plants.

[Question] How will our expenditures develop in the Seventh 5-Year Plan?

[Answer] By the end of this year the expenditures of the Hungarian side will reach 3.3-3.4 billion forints. Our construction tasks will increase in the years ahead and in the period of the Seventh 5-Year Plan these will represent an investment of 15-16 billion forints at the 1981 price level, or 23-24 billion forints at the predicted prices. We would also like to reduce the current expenditures in this period, so we are discussing bringing in foreign resources. But we will take advantage of this possibility only if the conditions are favorable for us, are economically advantageous. Parallel with this we have announced international bidding for execution of tasks for which there is no capacity here at home, or for which we lack experience, and so the cooperation of foreign firms is desirable. We are interested in having the installations yield benefits as soon as possible. By the beginning of the 1990's we will have great need for the electric power produced by the new power plants, and for the greater operational security offered by their output.

[Question] Do economic calculations support our interest in this?

[Answer] Building a lock system is economical if it can be used for several purposes, and the Danube project will be of this sort. There is no doubt that a hydroelectric plant is the most expensive power plant investment, but operating it is cheapest, because the water is free. According to our calculations--we have done many analyses--the electric power production will economically cover about two thirds of the total cost of the investment. The additional one third, which serves to improve navigation conditions and provides more secure flood protection and better water supply, will become economical too and will cover the costs of preventing possible damage.

[Question] Finally let me ask, why, in your opinion, did the plan to build the lock system arouse antipathy in certain groups of public opinion?

[Answer] It is understandable that the interest of public opinion should be aroused by such a large scale intervention in the ancient order of nature. It can also be regarded as natural that misgivings arose. But misgivings arose in connection with the regulation of the Tisza in the last century, and with the draining of the Hansag. Since then time has proven the knowledge and circumspection of the Hungarian water affairs experts. We would be poorer without the realization of these projects. I am convinced that there is a political charge to the voicing of misgivings by some smaller groups. It appears that some of them have an interest in arousing feeling against the government decision by appealing to national emotions and the--strengthening--sensitivity toward the natural environment, and by twisting the facts. And this found an echo in a part of public opinion. We talked over every debatable question in professional circles and came to the conclusion that building the lock system is in our interest, in our national interest if you like. We can make use of the Danube, as our national treasure, only in such a cooperation. We are not "selling the Danube," the national borders will not change, our rights are not being curtailed, and we will carry out the necessary environmental protection and environmental development investments.

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ECONOMY

POLAND

COMMENTARY ON CHANGES IN SOVIET ECONOMIC PROGRAM

Warsaw TRYBUNA LUDU in Polish 29 Oct 85 p 6

[Article by Gennadi Pisarevski: "Before the 23d Congress of the CPSU. Soviet Economy: Time of Decisive Changes"]

[Text] Preparing for the 23d Congress, Soviet communists regard acceleration of social and economic development of the country as the main goal for the 12th 5-year plan (1986-1990). The point is to achieve a fundamental turn-around in economic development, based on scientific and technological progress, and reaching a qualitatively new level in national life.

Certain difficulties encountered by the Soviet economy in the late 1970's and early 1980's arose as a result of several objective and subjective causes. In particular, rate of investment growth in the 11th 5-year plan (1981-1985) decreased by a factor of 2.5 in comparison with the 9th 5-year plan (1971-1975), and increase in fuel and raw materials production decreased by a factor of over 3.5. This can be attributed to moving of the base of extraction industry to Siberia and other difficult-access regions. The country experienced several droughts. A demographic problem arose as increase in labor supply slowed down significantly. An important role was played by the aggravation of international situation and Washington administration's drive to upset strategic military balance, necessitating additional expenditures for defense needs.

The list of objective factors retarding development of the economy could be continued. But the main cause, in M. Gorbachev's words, lay in the absence of needed decisiveness in changing the structural policy of forms and methods of administration. The measures used were partial, ineffective, and not applied consistently. As a result, the economy was developing extensively, and a changeover to intensification was taking place too slowly. The share of intensive factors in the growth of national product in years 1971-1975 was 25 percent, in years 1976-1980 - 33 percent, and in 1981-1985 - 40 percent (according to preliminary calculations).

The program of accelerating social and economic progress in the USSR projects increasing the tempo of switching national economy to tracks of intensification. In the nearest future, the growth of national product is planned to increase from 3 percent at present to at least 4 percent a year, and later to achieve even higher norms.

This task is very complicated if one takes into account the fact that increase of labor and material resources will be slower. However, a solution is possible provided that the rate of labor productivity growth will increase by a factor of 1.5-2, and raw material and fuel use will be 2 times less per unit of production.

There is only one way to solve these problems--to accelerate scientific and technological progress. There is no other solution. Structural changes in the economy will be achieved primarily through the basic reconstruction of the machine industry. In the next 5-year plan, development of this branch of economy will receive 1.8-2 times as many investment resources.

Absolute priority was given to development of computing technology which will provide the material basis for carrying out a program of comprehensive computerization of national economy. The USSR will be developing and deepening cooperation in this field with CEMA members. In particular, much attention is being given to implementation of the general agreement signed in Warsaw at the 40th CEMA session (in June 1985), concerning working on and organizing specialized and cooperative production of elastic systems of production. Such systems are a synthesis of achievements in electronics, automatics, and robot technology, and they make possible a 5- or 6-fold increase in labor productivity; as they are perfected, this parameter will grow even further.

One of the main directions of the strategy of economic development of CEMA countries is more efficient use of energy, raw materials, and fuel. It was computed that 1 percent saving of energy materials in CEMA countries will permit reduction by 25 million tons of fuel equivalent a year, which corresponds to 16 million tons of crude oil.

The first step in the implementation of this program of cooperation among CEMA countries in saving and rational utilization of material resources until the year 2000 has been made through a multilateral agreement to cooperate in using natural gas as engine fuel. In the USSR it is planned that by the end of the 12th 5-year plan, millions of cars will be changed over to compressed gas, reducing the demand for gasoline by 8 million tons. This will also reduce the extent of atmospheric pollution.

The struggle for acceleration of scientific and technological progress in all branches of Soviet economy has the same political significance as the industrialization campaign in the 1930's. Scientific and technological progress in the future should become a kind of leading element in all plans, a basis for fundamental changes in the Soviet economy.

Decisive significance belongs to the human element, the "live creativity of the nation." CPSU devotes a lot of attention to this factor. The aim is to achieve a breakthrough in the minds and attitudes of people, to achieve a psychological reconstruction of cadre consciousness. This is why the party opened the way for new people and new ideas, evaluation work in a Leninist fashion, demandingly and based on principles.

The meaning of acceleration of social and economic development of the Soviet state on the basis of scientific and technological progress rests on raising step by step the standard of living of the population, to improve and perfect all aspects of people's lives. Particular attention is being given to solution of present tasks: achieving scientifically justified norms of nutrition, producing good quality consumer goods, developing and improving services, broadening the scale of construction, improving work of health and education services. It is projected that retirement benefits will be raised, that life of the elderly will improve, as well as the standard of living of multichild families, the newlywed, and single mothers. In particular, full satisfaction of needs for kindergartens and child-care centers is planned. At the same time, quality of work in protecting nature, especially in Siberia, will improve, although this will require additional expenditures.

The CPSU, preparing for its 13th Congress, approaches problems of perfecting Soviet society scientifically, in a balanced and responsible way. These problems are often new, complex, and difficult. The party openly states that progress in the USSR is hampered by shortcomings in the economic mechanism, bureaucratic attitudes, conservatism, and irresponsibility of some workers.

There is a multitude of problems, but there has never been a society without problems. The essence of the matter lies in how such problems are solved.

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ECONOMY

POLAND

NEW TRADE PICTURE WITH USSR IN 5-YEAR PLAN

Warsaw ZYCIE WARSZAWY in Polish 23 Oct 85 p 5

[Article by Henryk Chadzynski: "Poland - USSR. New Scale - New Forms"]

[Text] Coordination of economic plans for the next 5 years between Poland and USSR, and agreements made in an already signed protocol, illustrate further intensification of mutual integrative processes. For the first time, the two countries agreed not only to all subjects of exchange and cooperation, but also became involved in synchronization of developmental processes, beginning with research and construction work, through investment, to specialization in production. At the same time, these new mechanisms have significant bearing on the possibilities of increasing the volume of trade.

It is worth recalling that preliminary agreements concerning exchange of goods in the next 5 years were initially projected to reach a value of 68 billion rubles. However, in light of our economy's needs for raw materials, fuel, machines, and equipment needed for modernization and reconstruction of production potential, Poland asked the USSR to consider additional possibilities of increasing trade and economic and production cooperation. As a result of this initiative, both countries set up task groups, led by deputy chiefs of planning and organizations and comprising representatives of 17 branch ministries, as well as ministries of foreign trade and committees for economic cooperation with foreign countries.

During the course of working together, the Polish proposal was studied. It included a list of topics that could be of interest to our partner in the framework of a program to reorient Polish economy towards deepening of cooperation with the USSR. The talks were characterized by a spirit of partnership and mutual interest. Thus, the Polish proposal to the USSR that it participate in financing of expansion of our repair shipyards involves an operation that would be beneficial not only to the proponent, but also to the partner who would secure an opportunity to overhaul its own fleet. The list included various proposals. It contained scientific and technical programs, an offer to finance investment projects in Poland that were started and are presently suspended, and plans to embark on new directions of specialization. An important premise is to decrease dependence by both countries on imports from the West. Polish proposals were augmented by suggestions of the Soviet group concerning 20 topics in machine and chemical industries.

Back in Second Place

As a result of these agreements the value of mutual turnover will reach 73.5 billion rubles, returning Poland to second place, after the GDR, as a trade partner of the Soviet state. In the period of economic downturn, we lost our position on the Soviet market and were overtaken by Czechoslovakia and Bulgaria. It is projected that USSR's share in Poland's trade will also increase from about 37 percent in 1985 to over 40 percent in 1990.

For Poland, significantly closer ties with a partner who is the main source of supply of raw materials and fuel, as well as the basic market for processed goods, are extremely important as a factor in stabilization of external conditions of development. For it was agreed that the past structure of exchange will be maintained. Thanks to that, fuel and raw materials will continue to be a major part of shipments from the USSR to Poland, while our exports to the Soviet state will consist mainly of industrial goods, primarily machines and equipment.

Looking at this process of deepening integration, two currents may be seen. The first consists of the centralized agreement concerning not only the balance of trade, but also joint investment projects, creation of joint enterprises, and coordination of economic policy. The second current assumes a significantly greater decentralization of links between enterprises and economic and scientific organizations in both countries. The purpose of these direct contacts is a creation of a new kind of production and technological links, and thus a deeper division of labor between the two countries.

It is worth pointing out here that these new forms of cooperation will permit a more effective realization of the main goals of economic policy of both countries which aims for a quick change to intensive development. It is projected that cooperation between enterprises will force one or the other side to adapt to the technical and organizational level of the more effective partner. At the same time, a basic outline of a timetable was set for switching to production of new generations of goods. This concerns machines and equipment as well as consumer goods which became a subject of cooperation to a much greater degree.

Joint Enterprises

There is a novel agreement to create joint enterprises and other organizations on the territory of Poland. At the present time, work is being continued to specify legal and financial solutions, but basic principles have been set. They include joint ownership of infrastructure and trade goods created on the basis of equal participation by both sides, joint personnel and management, sharing of risk, and distribution of production and profits.

It is projected that one such venture will involve an enterprise in the lathe industry created on the basis of the "Avia" factory in Warsaw. In Biala Padlaska province, a potato-processing plant will be established. Completing investment in the second "Miraculum" in Cracow is projected as another joint enterprise. This project was begun in the 1970s and then suspended because

of shortage of resources. A plan for bidding on this project was well known but has never materialized. Completing this project requires about 2 billion zlotys and 3 million dollars. As a result, production volume at "Miraculum" for Soviet and Polish needs will be doubled.

Investment Credits

Financial participation in investment projects in both countries will also take place on a much larger scale than heretofore. Undertakings of this kind are known in steel and machine industry. Less is known about cooperation in the chemical industry, although it is also growing on a larger scale.

It is projected that Poland will take part in constructing an installation to produce low pressure polyethylene in the USSR. In return for our construction services, beginning in 1989 the USSR will supply to Poland 30,000 tons of polyethylene and about 1,000 tons of polybutylene annually. The USSR also expressed its readiness to expand the nitrogen plant in Tarnow, thus insuring shipments of needed chemicals in return for ruble and convertible currency credits.

The planned volume of exchange will be more fully achieved as a result of direct agreements between enterprises, ministries, and scientific research units. Each partner tries to utilize his best experiences. It is known that we have a good position in production of mining machines and equipment. This position will be strengthened thanks to the introduction of new generations of equipment with automated steering using microprocessor technology. In turn, receiving two great excavators from the Soviet Union will be very important for our brown coal mining.

One could mention many such examples. In the next 5 years we plan to buy 110 trolley cars; based on import from the USSR, the airplane fleet of [the Polish airline] LOT will be modernized; trade in market goods for consumers will develop on a larger scale, but this is a topic requiring separate discussion.

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ECONOMY

POLAND

PLAN FOR STRUCTURAL CHANGES IN ECONOMY SHARPLY CRITIQUED

Warsaw PRZEGLAD TECHNICZNY in Polish No 42, 20 Oct 85 p 3

[Article by W. O.: "Restructuring--But What Kind?"]

[Text] The need for structural changes in the national economy arises from its fundamental weaknesses which manifest themselves, above all, in a high level of energy and material intensiveness, a low level of energy and material intensiveness, a low level of exports, unused production capabilities, shortage of workers and the dictating of scientific-technological progress by developed countries. This sentence, which is of fundamental significance and of a diagnostic nature, opens the "Preliminary Program of Structural Changes in the National Economy" prepared in the Council of Ministers Planning Commission.

In the opinion prepared by the NOT [Chief Technical Organization] Committee for Scientific-Technological Policies with regard to the above mentioned work, it is affirmed that these symptoms attest to the weakness of managing the national economy and particularly, the production sphere. In the opinion of the committee, such a diagnosis requires that, above all, the causes of this ineptness be examined and that the meaning of structural changes in the economy be explained, beginning with a definition of the meaning of an economic structure and structural policy. At the same time, verbal assertions alone cannot be used; it should be explained precisely what this change is to be based on, what is being aimed for and what measures ought to be adopted to attain this goal. This is all the more important that changing the economic structure is the most difficult and the most expensive therapy that the economy can undergo.

The authors of the critical analysis prepared in the Planning Commission affirm the need for structural changes in the national economy but they support this with examples which are almost exclusively from the sphere of industry; i.e., only a certain area of the economy. Therefore, it is debatable as to what kind of structural changes are really being considered and whether the elimination of the weaknesses mentioned at the outset definitely concerns structural changes.

In its opinion, the committee expresses the view that these "weaknesses" were reflected much earlier in the legislative documents which are currently

in force. At the present time, without using the powers of the resolutions contained therein, new measures are being planned to be placed into use, under a different name and with mechanisms and effects which have not been specified more precisely by the authors and without their imagining how events will proceed and how these plans will overlap and also without defining the anticipated but unspecified public costs of such undertakings.

A change in the structure of the economy is needed according to the opinion of the committee. What is also needed is a plan of these changes; not as an all at once operation but rather as a system of its continuous shaping along with the establishment of a hierarchy for the undertakings, activity and mechanisms of management. Such a huge project cannot be carried out by any temporarily appointed team. The fact should not be concealed that we do not have specialists who would draft and implement such large-scale undertakings. Therefore, we must be all the more careful and perceptive. After all, we are preparing to make changes in the structure of the national economy whose value according to 1983 prices amounts to approximately 20 billion [trillion] zlotys whereby industry constitutes about half of these assets. It should be realized that much can be gained through wise moves. At the same time, much can be lost by doing this incompetently. Thus, the responsibility is almost historical because it concerns our entire national assets gained over the years.

Changes in the structure of our national economy are supposed to promote a better and more complete satisfaction of public needs. Up until now, these needs have not been outlined precisely; they do not have a hierarchy. Therefore, it has not been said what sort of needs and what degree of their satisfaction the structural changes are supposed to "promote." In the study on the structural changes in the economy, there is a return to the projected plans of accelerated economic growth of the 1970's. In connection with this, certain data ought to be recalled. For example, in the electrical engineering industry the production of new goods was placed into operation at this time and outdated products were either modernized or removed from production. All of these totaled more than 20,000 different products. It is difficult to agree with the assertion that this led to the distortion of the production structure. It is possible to even risk making the judgment that the concept of those years, which was based on accelerating economic growth by means of, among other things, imports and technological progress, was not completely erroneous. On the other hand, the method of implementing this concept was definitely wrong. An important deduction follows from this regarding what to in order not to make new mistakes because a good plan and good implementation spell success whereas a weakness in one of these elements means a new disaster.

The law of 26 February 1962 on socioeconomic planning, shapes in principle a model of the life and well-being of the public and also shapes socioeconomic growth and therefore, obliges that the structural directions of changes in the economy, particularly in branch and territorial systems be defined. The decisions and work which are described in the Planning Commission's analysis as indispensable have not been presented in as much as outline form. Information and assumptions for departments, branches, plants and industrial enterprises have not been processed.

Every more important socioeconomic decision must refer back to the resources and directions of changes in socialist, capitalist and developing countries; to raw material and power [energy] resources held and capable of being acquired; to opportunities for the modernization of exports and imports; to achieving a constant high standard of production and to the number of specialized products. All highly developed countries and their decision-makers, who are responsible for industry, analyze and vary their products in a like fashion and organize strategic and tactical decisions. Such analyses must be conducted in a continuous manner and each decision must be preceded by very thorough and differentiated research on the basis of extensive comparative material. The nonfulfillment of the above criteria invites inaccurate or even erroneous decisions.

The NOT Committee for Scientific-Technological Policies acknowledges that the work to date on "the preliminary program of structural changes in the national economy" is not in compliance with the methodologically, analytically and substantively indispensable insight which would characterize the approach to an undertaking of such proportions. Above all, there is the lack of a base which would enable the carrying out of this work in the form of the qualitative identification of social needs. An explanation is lacking as to on what basis and from which set of data and criteria, the general technological and economic assumptions for 42 undertakings were made.

The NOT committee proposes the setting of a common outlook on how to prepare structural changes in the national economy and is announcing, in the name of the SNT [Scientific and Technical Association] NOT Federation, its readiness for direct cooperation on this very essential and currently socially most important issue.

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ECONOMY

POLAND

POLISH ECONOMIC SOCIETY DISCUSSES REFORM PROBLEMS, NEEDS

Warsaw ZYCIE WARSZAWY in Polish 26-27 Oct 85 pp 1, 2

[Text] (Own service.) What does the economic reform need? This title of a paper written by Prof Dr Habilitatus Zdzislaw Sadowski as well as the reply given not only by him but also by other speakers could constitute the principal theme of the conference organized by the PTE [Polish Economic Society] in Warsaw titled "Economic Reform--Phase II."

"The key issue for today, which determines the prospects of reconstruction, is a faster pace of changes," stated Prof Sadowski. "It cannot be overly slow. The implementation of these changes, which are necessary for giving further impetus to the entire process of changes, cannot be postponed during the coming 5-year period. If they [changes] were to be postponed, the future would be greatly threatened."

How convergent this statement was with Prof Dr Jan Mujzela's basic argument who in reality devoted his paper to the problems of price setting. However, at the outset he presented general remarks which in essence constituted an alternative to a scenario considered to be official. Prof Sadowski welcomed with pleasure the thesis about the necessity of accelerating the reform. However, he considered the basic assumption that the complex of economic changes ought to be examined on a broader base of the democratization of our social and political life to be a condition for giving the reform its indispensable impetus.

In his paper prepared for the conference, Prof Jozef Pajestka also expresses himself in favor of the changes, although, he sees different dangers and somewhat different determinants of successful action. He points out that the aim of the reform, from society's point of view, dictates the necessity of orienting it toward improving the efficiency of management. At the same time, the significance of the human factor in progress, in the role of science, technology and innovative dynamics increases. The necessity of including the economy in the stream of the international division of labor exists but this, too, requires the reconstruction of the economic system and cadre activity.

However, as far as instruments and a basic driving force are concerned, the development of autoregulation mechanisms stands in the foreground. Other

presenters of papers referred to this differently. They spoke about market mechanisms [mechanizmy rynkowe] and a system of parametric management. However, basically it came down to the same thing; i.e., to create economic pressure for efficient management. In analyzing the process which has existed until now, however, there was a distinct separation of that which may be called the principles of reform and its legal-statutory regulations, and that which takes place in the sphere of reality. On this basis, Prof Pajestka sees two possible scenarios. The first one, together with a drop in favorable economic effects of the reform and unfavorable factors for the economic situation in 1985 and 1986, threatens with the regression of the reform. An alternative scenario is one that presents the intensification of the reform so that it will bring greater economic benefits and particularly changes that will determine long-term progress.

"It may be assessed realistically," states Prof Pajestka, "that the immediate future will develop under the threat of the coming true of the first scenario." However, the author of the paper does not believe that this scenario would implement itself fully because the reform is deeply implanted and in addition, the sociopolitical system will work for the changes. In this sociopolitical system, the patriotic renewal movement will strengthen itself and the new Sejm can assume resolved activity in support of the reform.

The mounting centralistic-technocratic trends toward the creation of all sorts of intermediate structures are being considered currently as the primary threat, whereas the effects of undertaken activity may create accomplished facts which preserve old habits and practices. "However," as Prof Pajestka put it, "technocratic conservatism does not give solutions to dilemmas with which the economy is faced nor does it have anything to offer in the matter of structural changes."

Prof Zdzislaw Sadowski also speaks in favor of the implementation of exigencies and the consistent use of economic tools, although, he detects that a low level of social tolerance constitutes the primary hindrance for a consistent mechanism which assures economic discipline. However, the degree of resistance with which the economic reform is progressing was pointed out by Prof Dr Habilitatus Czeslaw Skowronek. The conclusion of his presentation sounded quite pessimistic. Prof Wladyslaw Jaworski's presentation also prompted reflection on the reality of things. He claims that we cannot separate institutionalized [systemowe] matters from economic reality. During the current year, the inflationary gap will be larger than last year. The degree of investment decentralization has also increased significantly. Next, Prof Jaworski spoke about the fact that by means of subsidies and allowances, the budgetary system replaces the bank to a certain degree and consequently causes increased issuing of currency.

On the basis of these realistic warnings, two proposals are possible. The first one would favor securing oneself against responsibility for decisions made [asekuranciwo] and would lead to nowhere. On the other hand, the second one should lead toward the giving of an impetus to the reform as, in reality, the only chance for healing the economy and overcoming developmental barriers and various restrictions. However, a joint front is needed for this purpose

of all those who want to resist the threat of regression and who would instead strive for new incentives that would revitalize economic activity.

The organizers of the conference did not conceal the fact that such was the purpose of the event; that they wanted to dispose the representatives of various trends and schools of thought toward efforts on behalf of the primary goal. However, the attacks of those who advocate pressure or criticism formulated the extremist-opposing points of view will not be conducive to this purpose nor will the complete negation of the strides already made which is just as damaging to the reform. Various assertions were made during the discussion. However, one thing is certain and that is: that by pointing out the dangers and threats to the reform, the conference at the same time, forced all of those who know that this is a high stakes game to place primary causes above particularism, parochialism and animosity and sensitivities. It would be worthwhile for the organizers to convey these main conclusions of the conference to the authorities.

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ECONOMY

POLAND

NEW INCOME TAX PLANS DESCRIBED

Warsaw RZECZPOSPOLITA in Polish 30 Oct 85 p 3

[Article by B.P.: "What We Know So Far"]

[Text] What do we know so far, on the basis of information obtained, above all, from the Ministry of Labor, about the new tax on above-standard remuneration which will go into effect in the coming year? Quite a lot is known, although many issues which are related to it still remain unsettled (e.g., the scale of the tax burden and the step levels on the basis of which the tax will be calculated). At one of its most recent sessions, the Council of Ministers gave only a directional acceptance of the draft plan of the decree pertaining to the matter under discussion.

Therefore, we know that this will be a multi-variant tax; i.e., five tax versions adapted to the conditions of enterprise operations will function parallel to each other. The multivariant feature creates chances for cutting or at least limiting special treatment and bargaining for better tax breaks.

Currently, there will be only one claim allowance for reduced taxes--exports. It is also certain that decisions regarding the appropriation of the tax formula will be made centrally. The Ministry of Labor will be authorized to carry this out with the obligation to consult with the Ministry of Finance and with the parent agency. The tax version assigned to a given enterprise (it is assumed that frequently it will coincide with the enterprise's own choice, although, this does not have to be the way in every case) will be binding for the entire upcoming 5-year period. This is a necessity which protects against possible financial manipulation in conflict with social interests. The stability of the wage tax formula should also simplify planning within enterprises.

At a meeting with journalists and in reply to the question, Why not allow enterprises to select their own tax formula?, Minister Baka stated that such an unrestricted form of selection would lead to bidding and open the door for private or fragmentary interests.

It is also known that objectively economic criteria will be taken into account during the assigning of a formula, e.g., the potential of production growth, the share of live labor [praca zywa] outlays in it and the scope of

the enterprise's freedom in the selection of other regulations and parameters including, above all, the kinds of prices used. The assumption is being made that in many cases, although not in all, the choice made by the enterprise itself will correspond to the decision regarding the wage tax variant.

In general (since the final decision has not yet been made), how do the five proposed tax formulas on unsubstantiated wages look?

Formula I--its creators call it a gauge-ceiling [miernikowo-progowa] formula. This means that wage increases will be contingent upon the increase of sold net production with a ceiling set in advance; i.e., a correcting cofactor on the basis of which the tax will be calculated. The correcting cofactor will, in principle, amount to 0.5; i.e., for every zloty of production increase, it is possible to pay into the pockets of people, without tax, 50 grosze. A considerably more favorable cofactor of 1.0 is envisaged for specific kinds of activity, among other things, for living and well-being services, for health protection services, for outlay production and for units involved in planning and implementing progress for cooperatives for the disabled. It is expected that in all probability, this will be the basic formula and the most common one.

Formula II--a so-called ceiling [progowa] formula will be independent of production increases. It will be applied there where increases are not desirable and where they would not constitute a proper gauge, e.g., in public utility and communal enterprises. The amount that will be tax exempt will depend in this case on the base; i.e., the amount exempt from tax during the previous year (reference to the tax exempt amount during a preceding year will also apply to formula I and III) and on a fixed ceiling setting the limits of the tax as determined in the Central Annual Plan.

Formula III--a so-called share [udzialowa] formula which will be the product of sold net production and the share of wages in production. It will be used, it may be presumed, in cases where the share of wages in costs is exceptionally large. Up until now, units of this sort applied for tax breaks, as a rule.

Formula IV is a so-called profit formula whereby the tax will be calculated on the basis of the tax exempt from the preceding year and on the percentage increase (or decline) of profit with the use of a 0.5 correcting cofactor. It is difficult to say in what kinds of enterprises this variant will be used. A representative of the Petrochemical industry in Plock spoke in favor of this variant at a meeting of enterprise, reform consultants.

Formula V will simply be a tax on personal income. The amount of its increase that will be tax exempt will be specified in the Central Annual Plan.

In conclusion, it is also worth mentioning that it is envisaged that certain tax exempt wage movement will be connected to cost of living increases and that this will be specified in the central annual plans, regardless of the

binding formula. Therefore, inasmuch as the possibilities of the economy will allow it, it is intended that commonly submitted postulates pertaining to tying in wage movement with price movement will be met half-way.

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ECONOMY

POLAND

PROJECTED INCREASE IN PRODUCE EXPORT TO USSR

Warsaw RZECZPOSPOLITA in Polish 15 Oct 85 p 5

[Article by T.B.]

[Text] Hortex is this country's largest exporter of produce to the Soviet market. Fresh fruits, mainly apples, and vegetables, as well as frozen fruits and vegetables are sold there. A large share of produce is being sold directly to many major Soviet cities without it being channeled through special agencies handling store purchases.

Hortex apple exports to the USSR this year will amount to 100,000 tons, bringing Poland credits amounting to 30 million rubles. This way the country is able to unload surplus far exceeding domestic demand and at the same time earn badly needed rubles to purchase raw materials and fuel.

For the first time this year, Hortex exported a new kind of summer apple to the USSR. Fresh cauliflower was also delivered directly from the producers to Moscow stores.

Onions are a major vegetable export. Already 12,000 tons have been sold in the first-half of the current year and it appears that an additional 12,000 to 15,000 tons will be added to the total.

During the signing of a trade protocol coordinating Poland's and the USSR's 1986-1990 socioeconomic plan, an agreement was reached to export Polish fruits and vegetables to the year 2000. Leonard Swirkula, director of Hortex, stated to a reporter of RZECZPOSPOLITA that he plans to at least double the firm's exports to the USSR in the coming 5-year plan.

The problem in increasing exports is transportation. This is why Hortex is placing great hope in the idea of organizing a joint Polish-Soviet enterprise, exclusively for the purpose of transporting fruits, vegetables, frozen foods and flowers to the USSR.

The expected increase in commodities sold on the Soviet market has prompted Hortex to expand its operation in the Soviet Union by opening new stores in Kiev, Kharkov and other cities.

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ECONOMY

POLAND

FOOD, CONSUMER GOODS TRADE WITH USSR TO INCREASE

Warsaw ZYCIE WARSZAWY in Polish 29 Oct 85 p 5

[Article by Henryk Chadzynski]

[Text] It is not surprising that whenever mutual trade turnover between Poland and the USSR was reported in the past, it consisted mostly of trade in machinery, appliances, transport vehicles and raw materials. These items had the greatest impact on the amount of turnover in any given year. Less, however, has been said about trade in goods shipped directly to department stores, food products and manufactured consumer goods, even though these items represented the greatest share of interest to the peoples of both countries.

It is understandable then that our exports to the USSR continue to stress items such as ships, computer equipment and building material, just as cottonseed oil, metallurgical and factory equipment are stressed for imports. Trade in consumer goods, however, has always played a less important and less visible role in the market place. Just as Polish goods such as cosmetics, sweets, flowers, and, more recently, apples have become popular on the Soviet market, so have Soviet goods on the Polish market. Soviet bicycles, refrigerators, washing machines, color television sets, cameras, champagne and, more recently, canned fish are all well known to Polish consumers.

Trade in consumer goods is to increase in the next 5-year plan. A document has been signed in Warsaw that not only coordinates the Polish and Soviet 5-year economic plan for 1986-1990 but also includes a point of unheard of importance; that this is to become a permanent feature in future plans. Therefore, the appearance or non-appearance of consumer goods in the marketplace will not be dependent on fluctuations in the supply curve. They will instead be set in advance for a 5-year period and will represent significant increases not only in our exports but also in our imports.

The market supply of food items and manufactured goods will also increase. Of course they still constitute a small percentage of trade, however, they too have a good chance for significant expansion in the future. Fruits, vegetables, frozen foods and preserves will dominate our food exports to the USSR. In the current 5-year plan, we sold 400 million rubles worth of these commodities. In the following 5-year plan, however, delivery will increase to 1.1 billion rubles. Up to now, Polish food imports from the USSR did not represent a significant amount. In the coming 5-year plan, imports will increase nine-fold to 568 million rubles.

Soviet delivery of canned fish, highly rated in our country, will increase sharply. In accordance with an agreement signed in Warsaw, we will purchase some 250 million cans in the next five years. Champagne, grape wine and cognac imports will also significantly increase to the point that the supply will meet total consumer demand in Poland.

However, the most significant factor for our market will be the expected increase in the purchase of manufactured consumer goods. In the current 5-year plan, our imports in these goods reached 1.2 billion rubles whereas in the next 5-year plan, this figure will increase to 1.552 billion rubles. Delivery of Soviet refrigerators, for example, is expected to increase to 900,000 units. The total amount of refrigerators and freezers imported from the USSR in the coming 5-year plan will be 2.4 million units, or more than 90 percent of that currently being delivered to the country's stores. This is clear proof of how important these Soviet deliveries are to our market. The country will purchase some 760,000 automatic washing machines in 1986-1990, an amount almost half of current domestic production. An agreement has also been reached in purchasing 500,000 color television sets, a significant number considering that domestic output for home consumption will amount to 1.2 million units.

Imports of bicycles, especially the folding kind, cameras, watches and light bulbs will also increase considerably. It is expected that Soviet delivery will completely satisfy consumer demand for such commodities. Another Soviet import worth mentioning is kitchen utensils for which there is great demand in the domestic market.

Poland will export, among other things, fabrics, garments and hosiery, as well as perfume and cosmetics which may regain their former status on the Soviet market.

The increase in the flow of consumer goods has led to a heightened interest in modernizing production techniques. Both countries are to undertake a serious effort not only in improving the quality of several commodities but also creating a new line of durable manufactured goods. In the case of color television sets, a mutual effort in their production is to lead to the development of a new model with a push button control system. This is a typical example of cooperation which is to embrace the entire development cycle from scientific research toward a common design to the control of subassembly production. The joint effort will make it possible to produce 400,000 units annually in each country.

The idea concerning color television sets had been proposed from above, as it were. However, with increased cooperation between factories and research-design centers in several areas, the creation of a new line of products with equal success may become the result of worker initiative. Much importance is placed, however, on meeting the defined modernization time table to be able to introduce a new line of manufactured goods. This principle takes into account all lines of goods, including those for the domestic market. It will be exactly these goods which will make it possible to introduce the fruits of advanced technology to the people of both countries. It seems that the possibilities are unlimited, taking into consideration that previously, CEMA member-countries have not always taken advantage of a rapid mutual transfer of technical achievements regarding products which directly reach the individual consumer.

Apart from centrally directed trade, the availability of consumer goods is also likely to increase considerably thanks to trade conducted directly between domestic trade industries and co-op organizations. Additionally, trade in consumer goods will be expanded through direct exchange between neighboring regions.

The coordination of economic plans for Poland and the USSR for 1986-1990 has increased cooperation in areas decisive in directly meeting consumer demand. It will undoubtedly become important in stimulating trade and technological activity. How this opportunity will be utilized, however, will be dependent upon the business know-how of tradespeople as well as the ingenuity and effort of those who will produce the new lines of products attractive to consumers in both countries.

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ECONOMY

POLAND

POLISH-SOVIET COOPERATION IN CRANE-BUILDING

Warsaw RZECZPOSPOLITA in Polish 21 Oct 85 p 3

[Article by J. Dembinski]

[Text] Industrial and customer research on a second generation self-propelled crane with a lifting capacity of 40 tons was completed in September of this year at the January Insurrection Heavy-Crane Building Plant in Odessa. Similar research was conducted earlier in Poland. As a result of this research, the crane will be put into serial production in our country and in the Soviet Union. This crane type has a more sophisticated structure than a model with similar lifting capacity now in serial production for the past 8 years in both countries.

Work on type classification of heavy cranes by lifting capacity ranging from 25 to 100 tons is being conducted in accordance with agreements reached in 1975 between the ministers of metallurgy and machinery industry in Poland and the construction and road machinery industry of the USSR. These agreements were extended to the end of last year. Poland, in connection with this agreement, is specializing in the production of self-propelled lifts together with a driver's cab and a sliding telescopic arm. Conversely, the Soviets are specializing in the crane body, operator's cab and hydraulic mechanisms and components. The machines, in accordance with the principles agreed upon, will be assembled in both countries according to market demand and production capabilities.

A joint Soviet-Polish construction team from the Institute for Industrial Machine Building [PIMB] in Kobylska and a similar Polish-Soviet team in Odessa worked together on the proposed design and conducted the necessary scientific research.

The second generation 40 MG crane which has been approved for serial production is the direct result of the cooperation between the two construction teams. Their basic goal was to prepare a modern design and construct a model competitive with those being produced in the USA, Japan, FRG and France. Much of the work concentrated on decreasing the machine's material and energy consumption as well as complying with traffic regulations in many of the world's countries. There was concern for upgrading the equipment's techno-operating parameters, service, and cabin comfort.

It was possible to reduce up to eight tons from the equipment's weight in relation to models now in production, without decreasing or increasing its parameters. The height of the equipment rose from 27 to 35 meters; the width of the machine, while in the public road transporting position, decreased by some 25 centimeters. There was also a reduction in axle load from 14 to 10 tons in order to comply with public roadway regulations in most of the world's countries. The equipment also showed an increase in speed; for example, going from 55 to 60 km per hour while in transport.

The chief builder of the crane at PIMB, engineer Zygmunt Ogonowski, said that further improvement of electrical equipment will be attempted before the crane is completed. This model will also use lifting capacity limiters supported by domestically produced microprocessors allowing for more accurate instrument readings. This model will contain diagnostic equipment which will allow the operator to observe and analyze the current state of the machine and its components while in use. Also, it is equipped with gauges which indicate when it is in a level position during the job.

Previous to the negotiations, heavy hydraulic cranes with a lifting capacity of 25 to 100 tons were not produced in the CEMA member-countries. Through a secondary form of payment, these countries were able to satisfy their needs by importing this equipment. The present cost of these machines, depending on their size, ranges from \$150,000.00 to \$500,000.00 [US]. Hundreds of these machines will be needed by the CEMA member-countries annually despite a decrease in capital investment worldwide.

After evaluation of their own and other countries economic needs for heavy equipment for construction-assembly and stevedoring, a bilateral agreement has been reached by Poland and the USSR to establish a research and technical center for self-propelled cranes. The decision is the result of the desire to become independent of costly western imports and the wish to stimulate their own research environment. Among the center's many responsibilities will be decreasing the equipment's environmental impact by lowering its toxicity and noise level, as well as adapting the machines for operation in various climates.

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ECONOMY

POLAND

EXPANDED PORT ACTIVITY NEAR SZCZECIN

Warsaw ZYCIE WARSZAWY in Polish 21 Oct 85 p 1

[Text] On the 19th of this month, the motor ship "Alco" from the FRG put into port in Stepnica located in Zalew Szczecinski [Szczecin Bay]. It is supposed to take approximately 2,000 cubic meters of so-called wood chips from here. Its arrival underlined the changes in the history to date of the port in Stepnica. After being rebuilt following war damage, it constituted for many years only a base for servicing barges which arrived here with goods intended for the supply of agriculture. However, over a year ago the shipping of Polish energy coal [wagiel energetyczny] to a buyer in the FRG was begun.

Currently, new prospects are opening for the port. Besides coal, wood will also be shipped from here. A contractor from Lubeck [FRG] will be the recipient of the wood chips.

"It took a lot of work to prepare for the arrival of the first seagoing vessel at the port of Stepnica," comments its manager, Bogdan Daszkiewicz. The port canal was dredged and the wharves were fortified. Modernizing work will continue in order to adapt the port for accommodating even larger vessels.

The need for building a seaport near Szczecin which would take over some of the functions of the Szczecin port has been indicated for a long time. This problem was raised quite often during pre-election meetings of the seacoast public with candidates for Sejm delegates.

The solution came sooner than expected. Credit for this goes to the Szczecin branch of the Wroclaw inland navigation service on the Oder River and the Szczecin Municipal Office, which for many years have been interested in expanding the existing activities of the port in Stepnica.

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ECONOMY

POLAND

PORTS READIED FOR WINTER

Warsaw ZYCIE WARSZAWY in Polish 18 Oct 85 pp 1, 6

[Text] (Own information). If during the winter, a gale storm should begin to wreck havoc on the Baltic and the strong winds will immobilize cranes and the snow and freezing temperatures will paralyze land traffic, then nothing will help and the ports will have to come to a standstill for a brief period of time.

Fortunately, such an extreme set of circumstances occurs rarely. Usually, the longshoremen have the upper hand on winter.

This is so, among other reasons, because as opposed to many city snow removal enterprises, the longshoremen bear in mind that winter will come sooner or later. Routine preparations have been going on in ports for at least several months. By the end of October, everything should be ready down to the last detail.

This is how it usually is. However, this year things will be different. Two of our three largest seaports; i.e., Szczecin and Gdynia have been having unusual difficulties with the collection of fuel for several dozen local boiler rooms. In most cases, they heat social buildings which house cloak-rooms, showers, cafeterias and sometimes storerooms and repair shops. Shortages of coal and coke are currently so severe that they are beginning to threaten the rhythm of port activity just as much as the snow and wind.

In Szczecin, Swinoujscie and Gdynia, power and supply services are trying to collect wood in storage yards in view of the lack of prospects for a rapid improvement in the situation. At best, this is only a makeshift measure. The collected wood is blocking the scant port grounds and certainly will not replace coal and coke.

The director of the Szczecin-Swinoujscie Commercial Port, Ryszard Szykowski, assessed the current state of coke supplies as "catastrophic." The local supply center, however, must choose between supplies for the port and, for example, nurseries and kindergartens in the city. It is difficult to find a more emphatic commentary on the subject of the state of the Polish coke industry.

If it were not for the fuel problem, the preparations for winter in Szczecin and Swinoujscie could be considered as nearly completed. This is evidenced by the renovated cafeterias and boiler rooms, inspected road snow-removal equipment and the prepared appropriate supply of winter oil and lubricants for cargo handling equipment. Five thousand regenerating meals per 24-hour period are supposed to maintain the strength of the longshoremen in the cold. There is no shortage of sand. However, the supply of antifreeze agents is still not adequate.

Of utmost importance is the fact that a new defrosting railcar will begin operating this year in Swinoujscie. This will significantly increase the ability to reload coal. Up until now, during the most difficult months transshipments fell even as much as three-fourths in comparison with normal months. Currently, provided that the coal from the interior of the country will reach this seacoast area, work productivity in winter will not drop more than 25 percent.

In the port of Gdynia, the overhaul of most structures has also been completed. The installation of glass [windows] in rooms is being completed. There is no shortage of shovels or protective clothing; mechanical snow-removal equipment is ready. All that is needed is to mount it on carts and vehicles.

As opposed to the ports in Gdynia and Szczecin, fuel problems have not affected Gdansk. There is plenty of coal, coke and fuel for engines here. The supplies anticipated for the third quarter, have been fully implemented and continue to take place on time. Therefore, 19 local boiler rooms which primarily heat community buildings for the dock crew are not threatened with inactivity.

In the port of Gdansk, significant problems are also not expected with snow removal even with large accumulations. When the snow is falling intensely, the longshoremen cannot work, anyway. Therefore, they grab a hold of shovels and start up the plows and in this way help out the service that keeps the port in motion every day.

And here, they are also prepared with regenerating meals, warm clothing and lubricants and oil for machinery. However, there is a shortage of electric bulbs and fluorescent lamps for lighting the 450 hectares of the port. In this case, the allotments do not meet the needs.

When freezing temperatures hit the roadstead and the waterways, nine tugboats will clear them from ice and ice floats. All of them have been inspected and have undergone current repairs. Winter on the seacoast may be starting, though undoubtedly, no one longs for it.

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ECONOMY

POLAND

MARITIME COMMISSION MEETS IN GDANSK

Financial Losses Due to Port Conditions

Warsaw TRYBUNA LUDU in Polish 25 Oct 85 pp 1, 2

[Article by Urszula Roznowska: "So That Zlotys Will Not Escape Through Ports"]

[Text] (Own information). The commercial seaports as the country's important transport center--this is the subject of the session of the Central Maritime Commission which began deliberations on the 24th of this month in Gdansk. The deliberations are being presided over by Stanislaw Bejger, deputy Politburo member and Provincial Committee First Secretary in Gdansk. Politburo member Stanislaw Kalkus, Provincial Committee secretaries from the maritime provinces and representatives of the central administration are also taking part in the deliberations.

In relation to exports and imports as a whole, approximately 50 percent of coal, 55 percent of sulfur, 20 percent of ore, 80 percent of grain and 100 percent of phosphate rock pass through Polish seaports. The significance of the expansion of contacts with socialist and developing countries, which to an increasingly greater extent must take place by sea route, is being emphasized in all the programs of the upcoming 5-year plan and also in the NPSC [National Socioeconomic Plan]. Polish ports are also an important transport center which assures countries that do not have access to the sea, e.g., Czechoslovakia, Hungary and Austria that they can carry on international commodity trade and also enables the implementation of cargo handling services for the USSR and the GDR.

During the discussion, it was stressed that the rank and productivity of the ports is determined by the state of the port infrastructure, installed devices and equipment and organizational efficiency of all elements which have a share in port turnover and particularly, that of railroad transport which carries 80 percent of port cargo. Both the commission members and the invited guests spoke with concern about the poor state of wharfs, cargo loading piers and breakwaters, and about the widening technological gap between the worldwide level of transshipment and the level and time-intensiveness of the services rendered in our ports.

It was pointed out how much this is costing us. A 24-hour period of a ship's inactivity equals a loss of 1.3 million zlotys. However, this is not the only way that zlotys are lost. It follows from research conducted by the Maritime Institute that the fact that the ore base was not completed cost us \$115 million during the last 5-year period. This is how much more we paid for the transport of ore by smaller ships.

During the 2-day deliberations, the Maritime Commission will specify the proposals and remarks intended to improve the efficiency of the servicing of the flow of Polish trade cargo and transit that is directed by sea route.

Recommendations Made to Improve Efficiency

Warsaw TRYBUNA LUDU in Polish 26-27 Oct 85 pp 1, 2

[Article by Uszula Roznowska: "Ports--An Important Transport Center for the Country"]

[Text] (Own information). The Maritime Commission, which has been deliberating in Gdansk since the 24th of this month, has taken a stand with regard to the important issue of the activity of commercial seaports which constitute the country's important commercial center.

Here are some of the postulates that were prepared during the session and that are considered indispensable for implementation in order to improve the efficiency of the servicing of the increasing cargo of Polish foreign trade and transit by way of the sea:

--Halting the processes of assets disinvestment and giving reconstruction-modernizing capital investments in ports and in the area of railroad and vehicle transport the rank of priority export investments;

--Giving consideration to the possibility of continuing the building of a specialistic transshipment-storage potential for iron ore in Swinoujscie and in Gdansk; including certain port investments in the system of government placed customer orders;

--Giving consideration to the possibility of assuring government assistance in the form of tax reductions and leaving depreciation allowances, credits and possibly, subsidies completely for the financing of the port infrastructure and the land transport infrastructure;

--Preserving the rank of the ports of the Central Seacoast [Srodkowe Wybrzeze] and assuring them indispensable means for modernization and repairs.

The commission also specified the tasks of party organization and echelons in the implementation of programs aimed at increasing the efficiency of port-maritime turnover.

On the 2d day of deliberations; i.e., on the 25th of this month, the members of the Central Committee Maritime Commission went to visit the ports. One group, headed by Politburo member Stanislaw Kalkus, went to the commercial seaport in Gdansk.

A second group with Deputy Minister of Foreign Trade Andrzej Dorosz and Gdynia Mayor Jan Krzeczowski visited the port of Gdansk. In both ports, the commission members familiarized themselves with the current state, needs and growth prospects of the ports. They also met with the party, union and youth aktivs where during an open discussion they familiarized themselves more thoroughly with the problems discussed during a plenary discussion.

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ECONOMY

POLAND

BRIEFS

FREIGHT CARS TO USSR--A significant export contract between a Zielona Gora plant and the Soviets has been finalized. Under its terms, the Soviets next year will receive equipment valued at 10 billion zloty. An additional 1600 freight cars will leave the ZASTAL plant via Soviet rail. Zielona Gora's ZASTAL plant, the country's leading manufacturer of specialized freight cars since 1947, has been chosen to deliver this type of rail transport car to the Soviet Union. This means that after today, the Soviet rail service will have purchased some 118,000 railroad cars from the Zielona Gora plant. Export between the Soviets and ZASTAL began with simple two-axle coal cars and has continued through a long series of covered freight cars. A delegation from Moscow's MASHINOIMPORT was present at a celebration marking ZASTAL'S 40th anniversary. Jurii M. Tersarnikov, representative from the Soviet delegation, made specific reference to the delivery in recent years of 150-ton automatic-dumping cars trade named "Dumpcar." [Article by tk1] [Text] [Warsaw TRYBUNA LUDU in Polish 12-13 Oct 85 p 1] 13090/7051

INCREASED TRADE WITH USSR--Direct trade between Polish and Soviet trade organizations subordinate to the Domestic Trade Ministries of both countries is becoming more common. The trade being conducted assumes various forms. Department stores, domestic trade industries and neighboring trade organizations are trading surplus goods with their foreign counterparts. Such contacts are becoming ever more popular as a way to meet contracts negotiated within the framework of foreign trade agreements. In accordance with this year's agreement, trade in surplus goods was to amount to 9 million rubles in credits for each country. Contracts already negotiated have amounted to 11 million rubles. Trade between border regions alone has amounted to 1.3 million rubles, a figure 30 percent higher than originally expected. Through trade in surplus goods, Poland will receive delivery of Soviet refrigerators, aluminum utensils, buckets, canned fish, bicycles and champagne. The Soviet Union in turn will receive Polish slippers, leather shoes, furniture, typewriters, souvenir items and fruit preserves. By agreement, trade in surplus goods under next year's protocol will amount to 12.1 million rubles for each country. Trade between bordering regions will double. [Text] [Warsaw ZYCIE WARSZAWY in Polish 23 Oct 85 p 2] 13090/7051

CSO: 2600/106

MILITARY

POLAND

EXPERIMENTS ON RABBITS WITH TOXIC WARFARE AGENTS

Warsaw LEKARZ WOJSKOWY in Polish No 5-6, May-Jun 85 pp 298-305

[Article by Lt Col Tadeusz Przystasz, MD and Leszek Gburzynski, physician:
"Clinical Assessment of the Course of Musculocutaneous Wound Healing
Contaminated with Certain Irritative Toxic Warfare Agents in Rabbits"
(conducted by Clinic I of the Institute of Surgery at the B. Szarecki Military
Medical Academy Center for Post-Diploma Training in Warsaw, clinic director:
Col Prof Dr Habilitatus T. Orłowski; and by the Experimental Surgery
Laboratory of the Pathomorphological Institute of the above named center with
Col Prof Dr Habilitatus E. Waniewski as the institute director)]

[Text] Despite the peace policies of many countries and negotiations which have been going on for a long time, total and conclusive disarmament still appears to be distant. In a situation where the complete and final elimination from arsenal of weapons which cause mass injury is impossible, effects of their action and working out of as effective as possible preventive and therapeutic measures.

Under modern warfare conditions with the possibility of the concurrent use of various forms of weapons; i.e., conventional, nuclear, chemical or biological, it should be expected that a considerable percentage of those detrimentally affected will be the injured suffering from compound (combined) injuries. This is the term we apply to injuries resulting from the concurrent action or that occurring during a brief interval of time of two or even more different irritative toxic agents on the body. All of the compound injuries, regardless of their nature, possess certain common traits which include, above all: a) the mutually damaging effect of the presence of one type of injury on the process of another type of injury, b) as a rule, worse results and greater complexity in the treatment of those injured including the frequent necessity of resorting to multispecialistic assistance and the use of procedures other than those usually adopted for specific, individual types of injuries and in particular, that which regards surgical procedures (Ref 8, 12, 13, 14).

From among many possible compound injuries, the interest of surgeons is aroused by those which are caused by, among other things, mechanical means; i.e., their clinical picture is made up of the presence of a wound or internal injuries. Some of them, e.g., mechanical-postradiation lesions have come to be understood more accurately mainly owing to experimental research. This

made it possible to establish and adopt specific methods of action. However, little is known on the subject of other compound injuries including also mechanochemical lesions. Work and research of any kind on this subject is either unknown or unobtainable. Recommendations pertaining to the course of action to be taken with these types of injuries which are explained in texts or instructions are scant, broad and mainly based on theoretical premises and assumptions.

Own Studies

From a surgical point of view, such compound mechanochemical injuries in which a wound becomes contaminated with a toxic agent having direct damaging action, such as BST [Warfare Toxic Agents] with its burning and irritative action whereby it penetrates deeper tissues and body cavities, undoubtedly constitutes the greatest problem. It was decided to attempt a clinical assessment of the healing process of a musculocutaneous wound contaminated with selected BST from a group of irritative agents; i.e., chloracetophenone and a CS preparation by means of experimental studies on animals.

Material and Methodology

Experimental studies were conducted on 35 white rabbits of both sexes, weighing from 2.5 to 3.5 kg and fed in an identical manner. The animals were divided into three groups: the control group was made up of 7 animals and two experimental groups A and B with 14 animals in each. Following intramuscular premedication with 4-5 mg of phenacetyl with 0.2-0.3 mg/kg of atropine, the animals were shaved on the right side of the back and anesthetized with 25 mg/kg of thiopental administered intravenously. After disinfecting the skin with a 70 percent solution of alcohol and under sterile conditions, a 6 cm section of skin, subcutaneous tissue and muscle were cut 0.5 cm deep parallel to the spinal column and at a distance of several cm from it. The wound was swabbed for 2 to 3 minutes to stop the bleeding. Next, CS was introduced into the wounds of group A animals and chloracetophenone in substantia into the animals of group B in 10 mg/kg amounts. Efforts were made to distribute the substances evenly throughout the entire wound. After 2 minutes, the wounds were wiped with a tampon moistened with a 0.9 solution of NaCl (also in the animals of the control group) whereupon the skin was sutured with single nonabsorbent stitches. As a protective measure during the postoperative period, all the rabbits were given 300,000 units of penicillin and 0.1 g of streptomycin intramuscularly for a period of 3 days and 300,000 units of debecillin during the 4th day. After 6 hours and subsequently during the 1st, 3d, 5th, 7th, 14th and 21 days following the procedure, segments were taken from the wounds for microscopic study from one rabbit belonging to the control group and from two rabbits from both experimental groups. This made it possible to evaluate the interior of the wound and the state of tissue deep inside the wound. Moreover, the general and localized state of all the animals was evaluated daily along with their decreasing number. During the 3d, 7th, and 14th days following the procedure, basic parameters of blood morphology were determined for all the animals (Hb level, number of red and white blood cells and platelets) aminotransferase activity and the level of albumin and bilirubin in the blood serum. During the 3d, 5th and 7th days

following the procedure, bacteriological cultures of swabs taken from the wounds were carried out for all animals.

Results

General State of the Animals

After 3 to 4 hours following the procedure, the animals were fully awake and there were no differences observed in this regard between the particular groups. Also, during a later period, all the animals exhibited full vitality, good appetite and did not lose weight. During the course of the observation, four rabbits died directly following the collection of blood from the heart: two rabbits from group B and one each from group A and from the control group.

Macroscopic Assessment of the Wounds

Group A constituted wounds contaminated with CS. After 6 hours following the procedure, the edges of the wounds adhered to each other closely and well. The same was true for animals of the control group, although, it was easy to separate the wound edges. No reddening or swelling was found on the skin surface. The wound interior contained a moderate amount of serous-sanguineous exudate. On the other hand, in the noncontaminated wounds, there was only a trace amount of serous exudate. The tissue inside the wounds, the inner layers of skin, the subcutaneous tissue and particularly the muscles were smooth, glossy, and exhibited a normal coloring. However, in the contaminated wounds, they were fuller and congested with hemorrhaging under the perimysium and small clots were observable on the cut surface of the muscle. (Figure 1).

After 24-hours, the interior and exterior of the wounds appeared as above with the exception that the exudate took on a semi-liquid form, whereas in the contaminated wounds, it was more sanguineous and cloudy.

On the 3d day, the edges of the control and contaminated wounds adhered to each other tightly and firmly. However, in the contaminated wounds the edges of the skin were slightly reddened. The content of all the wounds included a formless, grey mass which also covered the cut inner tissues, with fibrin concretions being markedly larger in the contaminated wounds. After the removal of this mass, it was possible to determine in the contaminated wounds, greater muscle softening, their [muscle] slightly greyish color and more numerous centers of fresh, readily bleeding granulation (Figure 2).

On the 5th day, the appearance of the wounds closely resembled that which is presented above.

On the 7th day, the exterior of the wounds could be considered as healed both in the control group and in group A. In all the wounds, the edges adhered to each other tightly and firmly and were covered with small scabs; no inflamed reaction was observed (Figure 3). The inner surface of the skin adhered to deeper tissues. The wound was filled with solidified masses of fibrin and granulation. The muscles in the contaminated wounds were of a greyish color

where the cut occurred. Otherwise, they had a normal appearance. However, hemorrhaging persisted only under the perimysium.

During subsequent days, the wounds changed in a typical and identical manner; i.e., they strengthened, shrunk and the scabs fell off. During the 14th and 21 days, the tissues inside the wounds had a practically identical appearance in both groups and losses were filled in with connective tissue which transformed itself into a scar.

Group B--wounds contaminated with chloracetophenone. Six hours following the procedure, the external appearance of the wounds did not differ in any way from the wounds of the animals in the control groups and in group A. The exudate inside the wounds was as profuse as in the wounds contaminated with CS but less sanguineous. The tissues within the wounds were softened. However, as opposed to the wounds of animals in the other groups the tissues were less congested [with blood] and glossy and of a greyish color. Hemorrhaging was not observed and clots were few and small (Figure 4).

After 24 hours, the wounds had a appearance similar to that after 6 hours. However, the internal exudate was more profuse and more cloudy.

On the 3d day following the procedure, the edges of the wounds adhered to each other as firmly as in the animals of the other groups. An inflamed reaction of the skin was not found. The content of the wound was made up of shapeless greyish-white masses with a large amount of fibrin. The tissues within the wounds were not very cohesive and were glossy and softened. Within the area of the muscle, particularly on the cut surface, foci of a greyish-brown color were observed which corresponded to necrotic changes. There were no distant concentrations of granulation (Figure 5).

On the 5th day, irregularities and losses were visible at the point of skin contact and were covered with a larger scab than in the wounds of the control animals and those contaminated with CS (Figure 6). Despite this, the edges of the wound adhered to each other tightly and firmly. The external appearance of the wound as similar to that 48 hours earlier.

On the 7th day, the wounds could in practice be considered as healed. Only small segments still remained unhealed under the scab. The interior of the wounds was filled in with a fibrin mass and granulation tissue. However, the tissues, primarily the muscles were still brownish-grey as well as not very cohesive. It was also possible to observe that the foci of necrosis were superficial and separated themselves from living tissue.

During the subsequent days, the wounds underwent changes similar to those in animals of the other groups with the exception that the scabs remained rather long. On the 14th and also 21 days, the tissues inside the wounds were already normal in appearance and losses were filled in by scar connective tissue. On the 14 day, it was still possible to find a trace of cloudy exudate in the wound.

Results of Laboratory Tests

The results of laboratory tests were treated as orientational without the use of their more exact comparisons and arrangements.

The level of hemoglobin, the number of red blood cells and platelets in all the animals and during all the periods remained within the norm. However, the number of white blood cells remained within the norm; i.e., from 6,500 to 10,000 in the mm^3 of blood, only in the control group. All of the animals in the experimental groups exhibited an increased number of white blood cells from 11,000 to 13,900 on the 3d day of testing. On the 7th day, the white blood cell count was over 10,000 in 60 percent of the animals from group A and in 50 percent in group B. On the 14th day, the number of white blood cells in all of the animals of the experimental groups was less than 10,000.

The bilirubin level in blood serum amounted to 0.1 to 0.4 mg/percent in animals of all the groups whereas the albumin level was always more than 6g/percent, averaging 6.4g/percent.

The behavior of transaminase levels was more varied and it is possible that it will be presented in a separate report. In general, it may be stated that in the control group, the levels of AspAT and AlAT during the 3d and 7th days vacillated between 45 to 60 U/L. IN group A during this same period, the level of AspAT rose to 70 U/L and that of AlAT to 100 U/L. Also during this same period, in animals of group B, the levels of both enzymes rose more or less equally; however, without surpassing 80 U/L. On the 14th day, the levels of the enzymes in all the groups were between 30 to 45 U/L.

Results of Bacteriological Tests

Small numbers of E.coli bacteria were cultivated in all the cultures from the wounds of animals in the control group.

In tests conducted during the 3d and 5th days, besides a few colon bacilli, some *Streptococcus viridans*, *Streptococcus faecalis* and more infrequently, *Staphylococcus epidermidis* were also cultivated from the wounds of animals of both experimental groups. On the 7th day, the aforementioned bacteria were cultivated from one-third of the animals, in one-third only a very few E. coli and for one-third of the animals, the cultures were sterile.

Discussion

Chloracetophenone is a typical irritative agent that has been known for a long time. As a toxic gas used in warfare, it was used during World War I and also by the Americans in Vietnam. CS (ochlorobenzylidenomalanic nitrile) has been known for only a dozen or so years. It is more irritative and generally toxic. It was also used in Vietnam and currently, it is often used as a riot control agent (References 1, 2, 5, 9, and 14). To date, a series of studies have been conducted pertaining to the irritative effect of the above BST, particularly CS, on the skin, conjunctivae, the respiratory system and on the internal organs of animals and even humans. Toxicological and toxikineti-

well as clinical, functional and histological tests regarding the effect primarily of CS and its substrata on animals, with various methods of application and with accompanying hemorrhagic shock, have also been conducted on a broad scale at the Institute of Radiological Protection and Toxicology of the Military Medical Academy (Ref 1, 2, 5, 6, 7, 9, 10 and 11). However, studies on the subject of wounds contaminated with the above mentioned BST have not been found in the available reference material.

The introduction of BST into wounds caused the concurrent poisoning of the organism and contamination of the wound with these agents. Their [BST] use in a stable, crystalline form departs from the expected, typical methods of their military application. However, this enabled their precise dosage in a high, nearly 100 percent concentration and guaranteed that they would be absorbed into the wound. By way of comparison with the reference material, it may be assumed that doses close to one-fourth of DL 50/kg were used (Ref 1, 5-7, 10).

By assessing for a number of days the external and internal appearance of the wounds and by comparing them with the wounds of the control group animals, it was possible to confirm that the introduction of BST into wounds has a particular effect on their healing process. The introduction of CS into the wounds caused the marked intensification of an inflammatory reaction; i.e., increased the amount of exudate from the wounds, softening of tissues deep within the wounds especially that of the damaged muscles and congestion. The aforementioned changes subsided after approximately 7 days.

Chloracetophenone also causes the intensification of the inflammatory reaction in wounds (less than CS). Moreover, it has a destructive effect of tissues that are the least resistant; i.e., muscles and edges of skin where small and superficial foci of necrosis were confirmed. On the 14th day, these changes were nearly nonexistent.

The above changes correspond to the effects of the action of CS and chloracetophenone on tissue when other methods of application presented in various studies are used from which it similarly follows that CS has a strong irritative effect locally whereas chloracetophenone exhibits necrogenic properties with lesser irritative action (Ref 1, 5, and 11). A more precise qualitative and quantitative assessment of these changes will be made possible by microscopic study which will be presented in later reports.

The increase number of white blood cells which was observed in laboratory tests of animals with contaminated wounds is most likely a reflection and confirmation of the intensified inflammatory process in these wounds. On the other hand, the initially increased levels of Aspart and AlAT could be suggestive of temporary, slight damage to liver cells. Such a possibility is mentioned by some authors (Ref 2, 7). However, the studies which have been carried out do not suffice to confirm this fully.

Furthermore, the conducted bacteriological tests would appear to indicate that *E. coli* bacteria are often found on the skin of rabbits and that their penetration into the wound in small amounts does not cause a pronounced infection. The contamination of wounds with the irritative BST changes the

biological conditions in them causes the appearance of other types of bacteria. However, they are small in number and disappear after several days and they also do not cause infection.

In summation, it may be stated that according to clinical assessment, BST from the group of irritants such as CS and chloracetophenone, have a certain negative effect on the healing process of musculocutaneous wounds upon their penetration into them. However, the arising disorders are relatively small and practically do not hinder the healing process. Of course, it should be realized that the assumed and implemented experimental model captures and partially explains only a narrow segment of the entire problem. Furthermore, due caution is always necessary when carrying over conclusions from experimental studies to clinical practice. If, however, on the basis of the above studies and their results, recommendations were to be made to surgeons as to the proper procedures to be taken with integument wounds contaminated with CS or with chloracetophenone, particularly in the case of mass injuries, these recommendations would be as follows: the above presented injuries do not require any special kind of surgical or any other kind of special procedures. If there are no other indications in this regard, there is no need for the excision of tissues which have come in contact with BST (at the most, the superficial excision of the injured muscle) or for employing special sanitary measures or draining the wound. The wounds may be sutured with primary, temporary stitches and there is no need for keeping the stitches too long. It is recommended that antibiotics and tetanous anatoxin be administered. The healing of wounds will be accompanied by an intensified inflammatory reaction. However, the wounds do not have any kind of great tendency toward infections. Contamination of a wound, especially with CS, may increase the pain of the injured whereas contamination with chloracetophenone, may cause a worse cosmetic effect of healing as compared with the noncontaminated wound.

Conclusions

1. Contamination of musculocutaneous wounds in rabbits with such irritative BST as CS and chloracetophenone in doses of 10 mg/kg distributed, according to macroscopic clinical assessment, their healing process. CS increased markedly the inflammatory reaction in wounds whereas chloracetophenone exhibited weaker irritative action and to a small degree caused tissue necrosis, particularly that of muscles.
2. The changes caused by the contamination of the wounds with the above BST, although marked, did not in practice cause substantial hampering or delay of the healing process of these wounds.

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POLITICS

CZECHOSLOVAKIA

CONTRADICTIONS AS PART OF SOCIALIST DIALECTICS

Bratislava PRAVDA in Slovak 19 Nov 85 p 4

[Article by Michal Suchy, lector of the Central Committee CPSL: "The Dialectical Method of Thinking and Human Activities"]

[Excerpts] The idea that dialectical contradictions are part of each level of development of the human society is today taken as obvious in Marxist literature and from that standpoint the nature of contradictions under socialism is discussed. From the standpoint of Marxist dialectics, one cannot pose the question whether contradictions exist under socialism, but rather in what form they occur and how their individual forms appear.

The forms of contradiction under socialism need specific study. From the general philosophical standpoint, we can clearly state that dialectical contradictions occur in the socialist system and will also occur in the communist system, but their concrete forms and appearances cannot be deduced from their general validity. At a general level, one can, for example, say that even under socialism there exists a contradiction between those dying and those being born, between the old and the new (which is often emphasized by us), etc. but this is in itself not enough for a concrete understanding of these contradictions and being able to direct and overcome them. In order for us to direct them and thus also speed up overcoming the old and strengthening the new in our society, we must know what is new and what is old in this or that specific area or situation. Since we do not always consider something which is objectively outdated to be so and, on the contrary, something which is objectively new, which has a future, and which could accelerate advancements in individual areas of our lives may be considered something undesirable, something to be avoided. Such cases exist, both in theory and in practice. On the other hand, what is outdated in our society is hard to get rid of, among other reasons because it often is not considered as such. To determine what is new and has a future and what is outdated is not even a matter of desirability or undesirability, even though this factor also plays a very important role, but it's mainly a matter of knowledge. How then can we understand the nature of individual contradictions and antitheses if we cannot verify their basic characteristics or rely on common experience, which is a very frequent phenomenon. We cannot get along without concrete scientific study of the individual areas of our social conditions.

Today there is general acceptance of the idea that even under socialism there occur contradictions between production forces and production relations. But which aspects in the field of production relations become a drag on the more rapid development of production forces can be determined only by specific study of the production relations.

Just as on the one hand there is a justifiable demand for concrete study of the individual forms and occurrences of contradictions in this or that area of our activities, on the other hand in no case can we neglect the theoretical principles of dialectical materialism. It is just this dialectic which makes it possible for us to understand our actions in terms of historic development, the future, and the broader social context.

A very frequent shortcoming of our way of thinking, and thus also of making decisions in various areas of life, is that we sometimes long too much for only the positive aspects of the results of our activities and we overlook the other antithesis, the negative aspects. We are then inclined to consider them not as the consequences of our actions, but as coming from somewhere else.

Here we can bring up the known fact that up until recently the reshaping and exploitation of nature for man's benefit was understood only as a positive phenomenon. The thick clouds of smoke from factory chimneys was considered to be a symbol of technological advancement. But current knowledge of the ecology shows that man's actions in reshaping and exploiting nature has negative consequences along with the positive results. The prosperity which man creates by his actions is also threatened by them. Today this process has already reached a level where the ecological problem is included among the global problems of humanity. It is a problem which urgently forces us to understand processes, including our actions, as dialectical contradictions, that is, to think in the dialectic. Our actions are dialectically contradicted, but the opposing theses, and we must emphasize this, in the contradiction are not the same and are not equivalent. One thesis always has more or less predominance over the other thesis. Therefore, when we say that the results of our actions are dialectically contradicted, and thus are for us not only positive, but at the same time negative, we must keep in mind, and this is very important, the possibility of their varying degrees. One consequence can be so positive for us that its negative aspect can be ignored. But it can also be the other way around. Something is so negative for us that we lose sight of the positive aspect. From an everyday practical standpoint, most of us understand this. We only consider something as positive or negative and the complexities are lost to us, along with the contradictory nature of the matter.

If the dominant thesis in the contradiction is carried to an absolute degree, that is, if just one thesis is taken into account and the other is ignored, we get a one-sided and even a metaphysical view of the matter. The consequence of this is that the understanding of the matter, and thus also of matters in our social life, takes on a one-sided, predictable nature which makes it impossible for us to get to the actual basis of problems in individual areas of our lives. Understandably, to a greater or lesser degree this then also results in imparting a direction to our further actions.

Because our actions are taken with goals in mind, the nature of their contradictions and consequences is conditioned also by the level of knowledge and the method of proceeding. For example, today we know that many negative phenomena occurred as we transformed and exploited nature because we did not know how to foresee the consequences of our actions. But this does not mean, and we must emphasize this, that the current ecological situation, for example, is a result just of insufficient information, errors, or utilitarianism, as it is often understood and explained. Utilitarianism certainly plays a very negative role here and can be clearly seen in capitalist countries, where even the utilization of natural resources is subordinated to the main interest of the capitalists--profit. The socialist society is the capability of eliminating the utilitarian approach to a great degree.

It is also true that we can direct our actions on the basis of knowledge of the laws of nature and society so that the negative aspects of their consequences can be reduced to a minimum, but it is not possible to do away with them entirely. This is a given of the objective antithesis of the process itself. In other words, these negative aspects are an essential phenomenon of the contradictory basis of our actions in transforming and exploiting nature. We must reckon with this fact in our many-faceted actions even in a classless society and direct our actions in accordance with this and on the basis of the level of knowledge and actual capabilities achieved. Not understanding or not being aware of this fact results in inadequate and distorted ideas and evaluation of many consequences of our actions.

In the global ecological situation, the contradictions take on a distinct and focused form. Here is where the negative aspects of our actions are clearly to be seen, although they were never part of our intentions. We are aware today of this situation as never before in the past and we are beginning to study it and resolve it from the aspects of individual fields of science.

But there need to be basic changes in our understanding of the global ecological situation and thus also a change in our actions in this area. It can be seen that the point of departure for a solution to the global ecological problems must be a dialectical understanding of the facts, a dialectical way of thinking. It is this dialectic that shows us that we cannot expect only positive results when transforming and exploiting nature and that we must also reckon with negative consequences. Our educational and training activities should also operate in this spirit. People must be aware of and understand the overall complexity of the man-nature interaction for the further development and existence of human society. Being aware of the contradictory nature of the consequences of human actions can help us to orient ourselves in solving ecological problems and warn us that knowing how to plan and manage must also mean knowing how to minimize the negative consequences of our actions. In solving global ecological problems, however, it is not enough to know theoretically how it is possible to get rid of them. Suitable social conditions are equally necessary. Knowledge of the reasons for these problems permits us to say clearly that not only the ecological, but also the rest of the global problems of humanity can be solved, with the exception of nuclear war. Nuclear war itself would be a terrible ecological catastrophe. If this war cannot be avoided, all human actions will result in self-destruction. What humanity as a whole never wanted will have happened.

POLITICS

HUNGARY

PROPAGANDA'S MANIPULATION OF EMOTIONS OUTLINED

Budapest PROPAGANDISTA in Hungarian No 4, 1985 pp 157-165

[Article by Ilona Takacs: "Emotions and Propaganda"]

[Text] Lenin: "Without human emotions there was not, is not, and cannot be a human search for truth."

The goal of our agitprop is always to persuade somebody about something. It is characteristic of the process of persuasion that an opinion either changes or becomes more entrenched through understanding: the individual adopts a new opinion to replace the one he has held up until now, or else his opinion is reinforced. Every adult has a more or less fixed opinion--one which actually contains a value judgment--about the people, incidents, objects, reality, etc, around him. That is why we can speak about a so-called fixed opinion which has a relatively stable nature, and if it receives reinforcement, it becomes more deeply entrenched. We are familiar with the formulated opinion, one which we put into words if we are asked our opinion or if a difference of opinion presents itself. We call this an internal opinion, one which we do not express either because no one asks us for it or because for some reason or another we keep it to ourselves. For a significant portion of human beings, there is usually no substantial difference between the internal and the formulated opinion. On the other hand, he who habitually expresses something other than his true opinion not only has a problem with sincerity but sooner or later comes into conflict with himself, which may become the source of inner tensions.

The essential element in the process of persuasion is that the opinion changes or becomes more entrenched through understanding. So persuasion is not inducement or manipulation. Sometimes these concepts are used interchangeably, even though they are not identical. Inducement means the imposition of an opinion on another person by force; manipulation means the uncritical acceptance of someone else's opinion. If the propagandist wants to persuade, then he cannot choose these paths, since his goal is to achieve a qualitatively higher-level effect through understanding.

The result of persuasion can be measured in evolution of opinion and in change of attitude but mainly in activity, in deeds, in the truth of "actions speak louder than words." The success of the propagandist's work depends on a great many things: playing a role in it are his own personality, appearance, conduct,

pleasant or unpleasant attitude and--last but not least--his principles and the emotional content of his words. What he says must be true, however, and he himself must be convinced of it. He can present authentic arguments only if his words are suffused with personal conviction.

Conviction is emotional and intellectual identification with a concept or with a viewpoint which governs our activity and our attitude; it expresses a personal standpoint and relation to the world. The factual content of our world view plays a role in our conviction, and since the world view reflects class interest, it is at the same time a recognized class interest.

About Emotions

The propagandist generally takes into account what the training and interests are of the individuals in the community where he performs his task. He is usually less concerned with what sort of emotional traits the individuals and the groups possess and with the fact that a community is deeply divided from an emotional standpoint. Even though we know that emotions are very important in the lives of human beings, we nevertheless do not make adequate allowance for them in political work. In order for us to control emotions as factors which increase or decrease the success of our work, it is useful for us to linger a while on the fundamental psychological questions of emotions.

Emotions are the individual's subjective relationship to the surrounding reality, people, events, objects, etc. Although this relationship is subjective, it is nonetheless closely linked--like mental phenomena in general--to activity and to knowledge of the world. Emotions affect knowledge and influence, stimulate, or inhibit activity. The body of knowledge with which we emotionally identify is much more likely to stimulate activity than that to which we are indifferent or emotionally opposed. The activity-stimulation function of the emotions is reflected in the Latin meaning of the word emotion ("to move out, disturb").

Since emotions are subjective, it also means that each human being relates differently to one and the same individual, object, or phenomenon, i.e., we do not view the world passively but rather experience it subjectively, and indeed our attitude toward what happens in the world is revealed in our emotions. Our world view thereby obtains an emotional charge. Our entire personality is expressed in our emotions: our life, our work, our destiny, society's educational and spontaneous effects. Emotions are not static conditions. They change constantly in the course of life: new ones emerge, old ones fade away. Emotions undergo social and historical changes. In the course of societal development, new emotions appear, for example, working-class consciousness or enthusiasm for revolutionary concepts. But other emotions vanish. Nowadays, for instance, loyalty to a king is an anachronistic emotion.

Human Emotions of High Quality

Intellectual emotions are linked to the reflection of objective reality and truth, personal experiences which accompany the process of cognition. We feel that persuasion--which has already been discussed--and concept belong here. The latter is an intellectual experience of great emotional content and a source of emotional energy which at the same time moves us to act.

The experiential material of moral emotions finds expression in ethical standards and in individual relationships to society, work, and other human beings. These standards and relationships are influenced, determined, and colored by moral emotions. Moral judgments are coupled with moral emotions and thus govern a human being's conduct, impel him to act or--just the opposite--prevent him from doing those things which he rejects not only on an intellectual but also an emotional basis. We know very well from experience that it is not enough merely to be familiar with moral standards--though this is indispensable--but we must work and act in accordance with them. Nevertheless, in order for conduct and action compliant with ethical norms to issue from principles and standards, there must be moral identification which motivates the appropriate act.

Esthetic emotions are produced as a consequence of the complex true-to-life effects of nature and art. They are associated with our moral value judgments, they are socially determined, and they prompt us to act, in many instances, in the service of great ideas. It is common knowledge, for example, that revolutionary works of art, songs, etc., can provide a powerful emotional stimulus for the struggles of revolutionaries. To this very day, the stirring music of the Marseillaise awakens a feeling of freedom and revolution. Sándor Petöfi's national anthem on 15 March 1848 inspired the March youths to perform revolutionary feats. Works of art which contribute to insight and lifelikeness may be effective elements of education and agitprop.

Mood, Anger, Passion

Mood is a relatively stable emotional condition which radiates, as it were, and affects a human being's entire conduct and activity. It is closely related to our general state of health and the characteristics of the nervous system. In many instances we do not know the reason for our mood. At other times, however, a certain pleasant or unpleasant force comes to roost on our frame of mind. If we know the cause of our mood, we can influence it to some degree. Those who immoderately give in to their moods and cannot keep them under suitable control are similar to small children in whom every emotional impression radiates in a scattered and unhindered way, i.e., they are still unable by force of will to regulate their emotions. This is why capricious changes are completely normal and understandable for them, while it is difficult for both the environment and the individual to tolerate so-called moody behavior in the adult.

Moods are also important in political life, since they affect the conduct and activity of individuals. It is essential to take the elements of mood into account, although they should not be overrated.

Anger is a brief and explosive emotional manifestation of rapid impact which for that very reason becomes the source of sweeping acts. The individual has no control over his deeds at such times. Persons in an agitated state lose their head and act irresponsibly, i.e., they concentrate only on what has made them angry and make no allowance for the consequences of their deeds. The person is possessed by anger, and the action thereby takes place without curbs or control. We can protect against this only by not letting anger invade our activity, because in that case we are less able to make the curbs work.

Passions are powerful, fervid, and long-lasting emotions which "strike deep roots" in a human being, seize and possess him, condition his thoughts, influence his acts. They represent a powerful force, and what they take aim at is therefore significant: splendid, useful, authentic issues or--just the opposite--pernicious and unwholesome goals which consume the personality.

The more exalted emotions can turn into the nutrients of passion: they can move the individual to self-sacrifice, heroic deeds, extraordinary works. "No great thing happens in the world without a great passion," declares Rubinstein. His assertion is substantiated by many examples from history, science, and the arts.

Emotional and Physiological Functions

For a long time, the seat of emotions was thought to be in the heart. This concept is preserved by our language: "he died of a broken heart," we say of someone whom grief led to his grave, a cruel and selfish person is called heartless, and a speech which affects our emotions is said to be heart-stirring.

Today everyone knows that the nervous system is "responsible" for the emotions as well as for other mental manifestations. Emotions are also accompanied by various physiological reactions. They influence blood circulation (we blush, we turn pale), respiration (we catch our breath), glandular function (we perspire), cardiac activity (our heart beats rapidly), digestive organs (our stomach gets tied up in knots), and muscle tone (we clench our fists). The stronger the emotion, the greater the physiological changes.

The emotions radiate to everything which we have experienced concurrently, and this is more powerful, the more vigorous the emotional impact. He who was at Heroes' Square on the occasion of the initial free May first in 1945 and again at the same place in 1957 after the squelching of the counterrevolution experienced the unforgettable fervent mood of festivity; the old emotions involuntarily flare up if he walks there again. People generally prefer to remember happy, pleasant experiences. Painful experiences grow dim. That is why the past becomes more attractive in the memories of individuals. Childhood and youth thereby acquire a positive emotional hue.

Individual Differences in Emotional Life

There are considerable differences in the emotions, since the latter are subjective mental processes. These differences can occur in profundity, intensity, focus, and durability.

From time immemorial, man has sought those general features by which he can get his bearings among the disparate emotional manifestations of individuals.

Linked to the name of Hippocrates is the 2,400-year-old typology which distinguishes its types on the basis of temperament. As everyone knows, temperament is the particular disposition of an individual's emotional life. It finds expression in the strength or feebleness, the swiftness or slowness, the permanence or fugacity of emotional reactions.

Temperament Types of Hippocrates

- (1) The sanguine type: the emotions break out quickly, they are fervid but changeable and transitory. The individual expresses his emotions, but he has less energy for action.
- (2) A strong, fervid, and steady emotional reaction is characteristic of the choleric type. He does not just talk about his emotions: the latter govern his deeds.
- (3) The melancholy type is characterized by stable emotions which are less often outwardly expressed. They do not find expression in action. Feelings of sadness, for the most part, resound in his inner life.
- (4) The emotions of the phlegmatic type emerge slowly and are not especially strong. Emotional motivation scarcely plays a role in his actions.

Most people cannot be placed in any one temperament type; they combine in themselves the peculiarities of different types. Nor is this meant to be a scale of values. Temperament is only one of the personality traits: intelligent, upright, virtuous individuals--and vice versa--can be found in each type.

Modern typological studies began in the wake of Pavlov. H.J. Eysenck created his multidimensional typology with its modern approach in the 1950s, building on Pavlov's neurophysiological studies but also on other sources, mainly the theories of C.G. Jung, who described his types on the basis of the relation between the individual and the external world: the extrovert (outward turning) and the introvert (inward turning).

The extrovert is cheerful, friendly, sociable: he makes contacts easily, reacts quickly, and often acts in the heat of the moment. The introvert is difficult to loosen up emotionally; he is reticent, inclined to worry and brood, thoughtful in his acts. He keeps his emotions under control and likes a well-organized lifestyle.

Exploring the emotions of individuals is no easy task. If we also take into account that emotions cannot be "made" arbitrarily and generated on demand either in ourselves or in others, then it may seem as if emotions cannot be penetrated by propaganda. It is true that emotions are "nature's stubborn children," but they are nevertheless accessible in indirect ways, through the activities in which they express themselves. Personal experiences we have undergone provide the greatest emotional effect.

Psychological Laws of Persuasion

Persuasion and agitprop activity have certain psychological laws.

The law of exchange: when we want to convince others of something, it is necessary to put ourselves in their shoes. This requires a special talent, empathy, on the basis of which another person's motives and emotional state can be understood. This capacity to put oneself in another person's place is an important personality trait, indispensable for propaganda work.

The law of approval: persuasion is more successful, the more it coincides with the approval and the emotional attunement of the person to be persuaded. The propagandist must therefore find a surface of contact on which this can be created.

The law of visualization: emotions are aroused under the impact of personal experiences, and vividness, lifelikeness, and animation play a major role in the creation of emotions.

The law of identification: this manifests itself in the fact that emotional contact arises as a result of the persuading influence. This provides a basis for the combination of intellectual and emotional factors in activity.

It follows from all this that the success of propaganda largely depends on our reckoning at all times as emotional influences those which are present in every manifestation of human life. For persuasion there is a need for people who have those personal skills which I have already mentioned. The great majority of these skills can be suitably developed by conscious self-education and practice. Developing the ability to empathize is particularly important.

Mass communication forms have made headway in our era, and many people may think that the time is past for person-to-person agitprop work. But human contact cannot be replaced by technical equipment, and to this very day the most efficient means of persuasion are the true word, sincere and human emotional influence, the exchange of views, and mutual human contact.

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POLITICS

HUNGARY

'CONTRIBUTIONS' TO COUNCIL DEVELOPMENTS CONTROVERSIAL

Budapest MAGYARORSZAG in Hungarian No 38, 22 Sep 85 p 57

[Article by Endre Varkonyi: "Must or May? Debates on the Contribution; Fifty Percent Plus One"]

[Text] The law had not even gone into effect and already it stirred such debate and evoked such intense emotional outbreaks from many citizens that the likes have hardly been seen--except at the time of the price hikes--during the past 40 years. Perhaps it is sufficient to quote the most extreme opinion: according to one of our readers, it could only be compared to the "smoke tax" of Joseph II.

Even if we were not to mention it by name, our readers would know that the topic discussed below concerns the contributions to development--those payments which will burden residents, that is, property owners, of most cities, towns and villages, starting 1 Jan 1986.

Remains in Place

It is not a distortion of the paragraph if we make note in the introduction that the verbs in a few important points of the Presidential Council's twelfth legally binding decree of 1984 are in the conditional tense--this was not noticed by all the local councils. For example: "The local council within its jurisdiction...i.e., within its determined limits, could establish by decree a development contribution--with the previous consent of the majority of those who would be liable for payment" (2 P. [1]).

Elsewhere, however, the legislature uses the declarative mode in an imperative sense: "The residents' opinions regarding the choice of goals to be funded by the contributions and the determination of the duration and size of the contributions must be sought out" (second subheading of the same paragraph).

Thus, it is mandatory to seek out the opinions of the residents if the local council intends to establish development contributions. This is contrary to the procedure presently in effect. That is, at present, communal development contributions must be paid primarily by those living in the communities. Here emphasis is on the word "must"; that is, no one was consulted with regard to

communal development contributions. The communal development contribution was also imposed on whoever paid general income tax or house tax and five years worth was collected in advance.

Now there will be a larger pool of those who are liable for payment. This includes everyone who has a rented or privately owned apartment or other property --vacation home, workshop in a separate building, store, studio, or a lot for either a residential or vacation home--in the locality. In simple terms: for example, if someone lives in a city and buys or uses a plot of land on a long-term basis in another locality, he may be liable to pay development contributions in both places.

If...

This "if" is a very important part of the decree. (In conjunction with the above-mentioned legally binding decree, the Minister of Finance issued a decree and the president of the Council Office of the Council of Ministers issued a directive.) All the decrees emphasize voluntarism and democratic methods and this is the point! Even the amount that may be levied was determined on a "from-to" basis--it may range from a minimum of 300 forints to a maximum of 2000 forints per property per year.

Again: if. Because the imposition of the development contribution is not at all mandatory. We add: not even if a few local councils were to interpret it that way. The interpretation of the councils that are always strapped for cash is understandable--many problems could be solved with the money obtained from the residents in this manner. Because the total amount of the development contribution--and this is stated in the legally binding decree--is in the council's domain; not a single cent of the money may be diverted to any higher organ for any reason.

The authors of the decree allowed sufficient time for the council leaders and the workers of the special administrative apparatus to determine how the residents would like to improve their village, district or city in the coming years. It was hardly an accident that the decrees were issued last October, well before the council elections. The legislators thereby also wished to provide an opportunity for the local leaders to become acquainted in advance with the desires of the residents (not at the last moment at the nominating and electoral meetings and during the course of the house-to-house canvassing).

Everyone Should Vote!

In places where this was not yet done, it must be done in the months remaining before January. Moreover, this must be done in such a way that everyone who is affected may express his opinion and vote. Naturally, for this it is not at all necessary to initiate never-ending discussions during the course of which everyone presents different proposals. In general, the district council members know whether their constituents would like to have concrete sidewalks constructed in the next few years or whether they would rather contribute towards street lighting, or what other ideas they have for the further development of their "most immediate surroundings."

It is also certain that--at least in most places--the pool of individuals who could be liable for payments in the future will not be of one opinion; each will feel that something else is more pressing. Naturally the council leaders (the president, the members of the executive committee) and those handling financial matters in the administrative apparatus must be most knowledgeable about the financial possibilities. However, in contrast to past practices, they must acquaint the residents with the costs of things and the corresponding sum of money which must flow into the local council's treasury from the development contributions.

All this must be done with the knowledge that later they must account for how the money was spent. The contributions that were voted on must be spent on what they were earmarked for. The goal must not be tailored to the prospective sums on the "cart before the horse" principle; instead, the contributions may only be allocated to goals that were ratified by the residents and those affected, and which were thought out well in advance.

The local councils--whether they be village, town, city or, by happenstance, that of the Budapest district--may levy development contributions on the residents of only a part of the territory under their jurisdiction. If, for example, a vacation community desired to develop the Balaton lakefront area, it would be only fair if the owners of the vacation homes and the weekend bungalows were to contribute toward this; however, at the same time, it would be unfair to levy the contribution on the owners of remote, peripheral homes (possibly some without amenities). And naturally, the converse is also true: if the permanent residents of the community desire to develop their area, it would be unfair to levy a contribution on the owners of the vacation homes.

Exemptions and Proportions

According to the experiences to date, the preparations for the payment of the following and future years' development contributions are, in general, proceeding better in rural areas than in the cities, especially in certain districts in Budapest. The reason for this is that in rural areas it quickly becomes known that a public matter is at issue, and the concerned parties go to the village meetings or other events organized for dealing with this purpose.

In Budapest--even if this is not the case in every district--the goals are also harder to set, all the more so because larger sums for the development of the capital are allocated from the budget of the Council of the Capital. In addition, the projects and immediate goals of the districts have not yet been successfully defined everywhere. Consequently, if there is no plan, there is no development contribution!

It is common knowledge that individuals who belong to families where the income per capita is less than 2500 forints are exempted from the contribution. The local council may also exempt others (young married couples, families with many children, etc.), depending on their social situation.

One could hardly disagree with this. However, there is far less unanimity when one or another council (or its special administrative committee) invites

pensioners to the residents' meetings to discuss the development contribution, in the hope that the exempt, elderly citizens will without objection approve the proposal presented to them--every facet of its goals, as well as its amount and duration. After all, it is of no consequence to them.

This, however, can only be termed manipulation and circumvention of the decrees; moreover, it could be considered unlawful conduct. It explains but does not excuse that this is an old habit, from the time when no one consulted the citizens on issues which affected them personally.

Many have already raised the question of how it would even be possible to have everyone vote and to verify the voting results. However, this is precisely the point. Everyone who will be liable to pay development contributions starting in the new year should know--in the words of the legally binding decree--what the targeted goals are and what the extent and duration of the contribution is. In addition, they should know what proportion of those concerned voted for the contribution and which individuals voted for or against it.

The councils have the capability--in the villages as well as in the cities--to notify every citizen; this could, for example, be done on the basis of the current voter registration lists or the real estate office's list of property holders and the residents register. It is already certain that when it comes time to pay, i.e., at the time the contributions are levied, those concerned will be notified--they will also have to be notified prior to this.

Nor is it very difficult to publicize the list of those voting for and against the contribution. Very simply, it should be posted in the municipal building. (The decree states that only a simple majority is needed for ratification, thus only 50 percent of the eligible voters plus one vote is needed.)

It is true that this will not make it any easier to pay the development contribution. (It would be worth considering the degree to which differentiation within the community could be possible, i.e., a greater contribution could be levied on the owners of multistoried "fairy-tale castles" than on owners of modest family homes or clapboard weekend houses.)

This is also an issue which could (or must?) be brought up at the resident-, village- or other meetings which are called to discuss the development contribution.

9956

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POLITICS

POLAND

COMMENTARY ON CPSU LEADING ROLE; NEW STATUTE

Warsaw RZECZPOSPOLITA in Polish 4 Nov 85 p 7

[Article by Marek Pogodowski: "Increase in the Leading Role of the Party"]

[Text] A very important moment in the preparatory campaign for the XXVII Congress of the Communist Party of the Soviet Union was the publication of the plans for the new party statute (together with changes), which was accepted earlier by the October plenum of the Central Committee.

After the publication of the plans for the new wording of the party program, a new and important document will have been submitted for discussion by the 18-million-strong mass of Soviet communists. The statute is closely and inseparably connected with the party program. Through the decisions included in it, the party of Soviet communists will realize basic assumptions accepted in the program.

Thus, the changes in the party statute proposed by the Central Committee of the Communist Party of the Soviet Union plenum reflect all those elements of the development of Soviet society which were proposed in the new wording of the program.

Without going into a detailed comparison of the old statute and the plans, it is necessary to state that generally the sense of the new proposals reflects an increase in the leading role of the party in the life of Soviet society. It is stressed in the plans that the party is the center of the political system and the leading force of the society. It traces a road of development and perspective, and it formulates scientific directions for social development.

The widening of tasks and thus also problems in building communism, together with the simultaneous sharpening of the international situation, are the factors which place before the party new tasks, new elevated requirements, and which dictate the necessity of the new approach to all sides of party work.

The fundamental goal of the proposition for changes in party statutes can be summed up on one hand to a further widening of inner-party democracy, the development of initiative and activity of party members, of all its organs;

and on the other hand, an enlarging of their responsibility for the fate of shared matters. "The more diversified and saturated with many trends is inner-party life," writes the commentator for the Central Committee of the Communist Party of the Soviet Union organ PRAVDA, "and the deeper is the democracy when solving key problems--from the admitting of members into party ranks to the entirety of staff policy--the stronger and more effective is the influence of the party on the development of all social processes."

Without discussing all changes proposed in the statute, it is necessary to draw attention to the considerable widening of the rights of basic party organizations. This basic unit is to decide about all matters both organizational and educational and ideological. The strength of the party lies in the strength of its people, the members of its organization.

The plans introduce to the statute a new chapter: "Party, State, and Social Organizations." In this chapter, the rules for the leading role of the party in relation to other organizations of the Soviet political system are explained. Each of these state and social organizations was created in order to best fulfill its tasks. The plans stress that it is intolerable to duplicate by the party the activities of those organizations. It concerns rather the support and control of their activities, the uprooting and condemnation of unfavorable phenomena, which are harmful to social development.

The plans for the new party statute met with great interest and not only by members of the Communist Party of the Soviet Union. The discussion of the new plans, which has begun, will favor the strengthening of the leading role of the party in the life of Soviet society.

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POLITICS

POLAND

GLEMP DISCUSSES POPIELUSZKO, POLISH BISHOPS

AU111205 Warsaw POLITYKA in Polish / Dec 85 p 2

[From the Press Review]

[Text] Rome FAMIGLIA CRISTIANA published an interview given by Jozef Cardinal Glemp, primate of Poland [date of journal and identity of interviewer not given]. Here is an excerpt from it:

[Question] What were Your Eminence's relations with Father Popieluszko like? I am asking because one "daily" surreptitiously circulating Poland and attributed to this priest writes about sharp criticism which Your Eminence made of Father Popieluszko during your meeting with him in December 1983.

[Glemp] I know about these rumors. The publication carrying them says that this meeting was supposed to have taken place in Warsaw on 18 December. I looked at my diary from last year; I was in torun then and away from Warsaw for the entire week. Regardless of this, I must say that I held many talks with Father Popieluszko. One must remember the situation he was in. I suggested to the unfortunate priest that he take care not to get involved with people with primarily political goals. After all, it is quite normal for a bishop to converse with his priest in various tones, including fatherly admonishments. He was not always happy with this. But it was my duty. Let me add that nothing has been said about our last talks, when we considered together how to protect him because he was in danger.

[Question] Is it true that Your Eminence wanted to send him to Rome?

[Glemp] No, it was not I who came out with such a suggestion. Certain friends of his who feared for him came to me and told me that a good way of saving the priest would be to send him to Rome and make him stay there for some time. They asked me to pass this suggestion on to him. I did so, but gave him the freedom to decide. Father Popieluszko replied that he would only leave Poland if ordered to by the bishop. This I could not do because it would have created an absurd impression of trying to isolate him from Polish citizens. Those who manipulated Father Popieluszko were not of the Church. They turned him into a chaplain of opposition groups, to whom he felt very attached. He was a victim in the full sense of the word.

[Question] Your Eminence is a man of dialogue, and some people think you are too eager for dialogue with the regime. Do other bishops and clergymen always share Your Eminence's view?

[Glemp] This is not something I should discuss. Of course I am always in agreement with the bishop and never do anything alone. We work as a team in the Episcopal Conference. Neither do I have any difficulties with the clergy in both my dioceses. Presenting an image of a primate too eager for dialogue is part of the political program.

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POLITICS

POLAND

PUPILS BERATE SCHOOL, POLITICS, HAIL RELIGION

AU111406 Warsaw RZECZYWISTOSC in Polish 1 Dec 85 p 7

[Article by Anna Drobinska: "Opinion Poll Report--Anxieties"]

[Excerpts] "Tell us all about your most important problem." This is what we asked a large group of youngsters between 16 and 18 who are second- and third-grade pupils in various secondary schools. We have received 543 replies from young people on the "blackest aspects of life."

School

In the eyes of pupils the school is not what it ought to be. For a large section of those who replied "school" problems are more important than their personal and family problems. Pupils in vocational schools have fewer such problems than any other pupils, probably due in part to the character of the school and its relationship to the students, and because they are socially mature since they come from families that are on the whole badly off.

Pupils think that their schooling and upbringing are bad and that they have been ensnared by an inefficient institution that is staffed by incompetent people and that tries to make up for its defects by thoughtless rigors and sham discipline.

"We are treated like a band of stupid children who have to be trained like circus animals in line with the so-called instruction program and in line with military rigors." (From a pupil in a technical school.)

Many pupils complain about the repressive character of school and of the cold, formal, and even hostile attitude of teachers toward pupils. "School is no second home for me. I regard it as an institution that is hostile to pupils." (From a pupil in a secondary school.)

Many replies to the poll suggest that pupils greatly yearn for teachers who are friendly and who are also masters in their professions so that they could be liked, respected, and admired. The facts cited by those who replied show that teachers often regard themselves as "clerks in school" who have to notch up so many hours of instruction. Striking fear in pupils is a generally used method of encouraging pupils to study.

Reconciling school instruction with the development of one's own personality is a serious problem for talented pupils with intellectual, creative, or sporting interests.

It is not only lack of time, but also the demanding teachers of the type who say: "Do not think; do things" that are the enemies of independent individuals with creative aspirations. Such teachers compel pupils to stick to the official program and to think in line with the textbook. Pupils have cited cases that showing that assignment in the Polish language that have been literally copied from a textbook are graded higher than original elaborations and that original statements made during lessons are treated as "playing the wise guy."

"The school does not let us think. Every original thought is at once trampled on and smothered and whoever comes up with such a thought has to take the consequences." (From a pupil in a secondary school.)

From time to time, which is very seldom, pupils speak of good teachers--of "true friends of young people." Some youngsters regard school as a necessary evil and do not care about it. However, it is sad that so many pupils see school as a source of their most serious problems in life. It is also depressing to read about teachers' specific behavior that shows that they lack teaching qualifications, are averse to their profession, take negative attitudes toward their pupils, and display disturbing moral features such as hypocrisy, cowardice, stupidity, and common churlishness that stoops to insults and blows.

Summing up, it can be said that secondary school leavers are tired, bitter, nervous, mistrustful, and unadapted to and untrained for life, and that they take all these shortcomings with them to their universities or to their jobs.

Politics

Cosmopolitan attitudes caused by doubts in the political system and in one's own nation are rare.

"I do not know what my future will be like. Perhaps I will get over the heat of my young years and grow up to be a patriot or, which is more probable, I will leave the country in search of countries that are more favorable. After all, all nations, people, and races are equal. The world is my fatherland." (From a pupil in a secondary school.)

It is disturbing that the replies of these young people are devoid of any doubts: They will find the absolute truth, they know what is black and what is white, no one will be able to change their convictions, and they do not want to talk to anyone. It is certain that these pupils create problems for their colleagues holding different views, and continue to annoy them by every means.

"I have been brought up to respect the existing political system and government. When my colleagues at school wanted to harass me for this they refused to talk to me and gave me a wide berth in the street. Now they talk to me but only about political subjects. All of them hate our state system above all. Of course, they call me various names such as the rag, the red one, the communist, the informer. I [a girl] have no girlfriends at school. I sit alone at my desk. From time to time someone will say something to me. They throw various drawings onto my desk. (From a schoolgirl called "Natalie.")

The young people who want to implement the principles of the PPR's political system are truly in a very difficult situation, all the more so since the Union of the Polish Socialist Youth [ZSMP] does not come to their aid. Despite their enormous good will and enthusiasm for work, young people are often unable to fit themselves in with the ZSMP because they view its role in their own way and are incapable of adapting themselves to rigid action programs.

"Is it the role of the ZSMP to be a nursery for the PZPR? I think not; but what does this youth organization do? It continues to agitate, to be proud of its pretty name as the ZSMP, and to issue statistical data. Where are the people who want to achieve something? They do exist, but they have been thrown to the dogs. Why do they have to fight for the organization to which they belong? Very soon they will begin to suspect that red tape, statistical reports, and programs that exist only on paper are in the interest of young people. And yet there are so many problems that continue to rivet our attention, but that are being ignored on the whole. When we tell the union that no one is ready to stand up in our defense, the union authorities tell us: "Stand up yourselves." (From a youth camp in Sobieszow.)

Many bitter charges continue to be leveled at the ZSMP: That it is a bureaucratic and inefficient organization; that those who want to promote social activities are sent to youth camps and discotheques; that those who want to wage a political struggle of their convictions are invited to attend boring training courses; that new members be recruited by force and bribes and not by arguments; and that the ZSMP authorities are composed of people over 30 who no longer understand the problems of pupils and who care only about their own careers.

Charges have been made by those who replied that the ZSMP ignores the interests of young people at school. "What pupils need is trade unions," wrote those who replied. It seems that the ZSMP authorities should realize that, because of them, pupils with leftist views have great moral difficulties, and that the union does not offer them the necessary support and, what is worse, scope for action.

Religion

Responses concerning religion and the Catholic Church have been surprisingly numerous, but they often regard faith and religion as a means of solving

problems. According to the responses from boys and girls, religion is the road to solving all kinds of problems and relieves one of responsibility for one's own fate.

Religion is a release from loneliness and a substitute for friendly and cordial people-to-people relations. God is a substitute for the family, colleagues, and friends, makes love possible, and gives one love.

Religion also helps one to shake off a sense of being lost in a meaningless world and to formulate a definite system of values and vital aims that are abstract and ideal in character.

"My problem is that there is a frightening disappearance of values in Poland and in the world. Money, easy living, and selfish interests have become the most important things for people. I know that faith and God, who is love itself, are the only defense against these things." (From a pupil in a secondary school.)

For young people faith is becoming a refuge from life and from the problems produced by the wish to realize those contemptible "selfish interests"; for those who are lonely it supplies a sense of community with other people; and it provides opportunities for action for those who want to use up their social energy in some field or other. Religion also makes everything clear and simple and frees one from anxiety.

The relatively few critical responses level their criticism against the Catholic Church as an institution, against the activities of priests, and against the double morality of believers. Some of the authors of these responses even claim that they are more religious than the official representatives of God on this earth.

Summing Up

The young people's anchorage is the home, school, and their group of colleagues. The problems they have in this connection can be summed up as a more or less intensive crisis of relations at home, at school, and in the group. Other general problems are the breakdown of the systems of values and universal moral and philosophical bankruptcy. The pupils' responses clearly show that neither school nor the youth organization are able to exploit the enormous opportunities created by young people's hunger for a sense of community and ideals and for something that would impart a meaning to life.

Bitterness and emptiness, which are based on enormous resources of energy, can be turned into a constructive or a destructive force. Failing to launch activities consistent with the current state of affairs, school and the youth organization actually continued to turn young people's energy into a destructive force. It seems that the basic error is the fact that bureaucratic structures are in charge of discontented young people, who are such a stormy element. The pupils who have set down their responses to our poll think that school and the ZSMP are becoming state offices in charge of youth affairs, and

teachers and activists are becoming state clerks. But what young people really need is guides, friends, and masters in their professions. The Catholic Church continues to exploit this situation to an ever increasing extent.

It is obvious that this situation will not change for the better without large-scale structural changes in the educational system and in the style of work with young people.

/9599

CSO: 2600/165

POLITICS

POLAND

NEW MINERS UNION FEDERATION

Warsaw RZECZPOSPOLITA in Polish 7 Nov 85 p 5

[Article by PAP: "Integration of Labor Movement"]

[Text] On the 6th of this month, the Voivodship Court in Warsaw issued a statement concerning the creation of a United Miners Trade Union Federation with a seat in Katowice. At the same time, three of the five union federations acting in the mining industries were eliminated. These were the Mineral Coal Federation, the Shaft Construction Enterprise, and the Mine Works Enterprise; the Miners Trade Union Federation; and Trade Union Federation of Mining. The organization will unite close to a half-million trade unionists.

In statements to the Polish Press Agency, Stefan Koziaczy, vice chairman of the OPZZ and chief of one of the dissolved federations, stated, among other things: "The breaking up of the union movement would not work out in the long run. Broken-up unions were weak partners for the administration. I am convinced," added S. Koziaczy, "that others will also follow our example. By this we do not mean to simply demonstrate power, but to improve and coordinate our activities and also to diminish the bureaucratic apparatus, which is not an unimportant goal."

The statement will be legally valid after the passing of two weeks.

12432/13046
CSO: 2600/126

POLITICS

POLAND

BRIEFS

CONFIDENCE NECESSARY, SAYS ECONOMIST--Our crisis is not so much and not mainly a material, physical ailment. It is our people's loss of trust in themselves, in their ability of solving problems, it is frustration. The situation in Africa or Latin America is obviously not comparable with ours, but the confidence in coming out of the crisis is often stronger there than here. Is Poland facing the worst crisis in the world? No. The characteristics of our economy are not different from the norm. But if we talk ourselves into believing that we do not have the ability of solving big problems, then we shall sink deeper in the crisis. The Holy Scripture says: "And if salt becomes tasteless, how is its saltiness to be restored?" This salt cannot become tasteless. [Jozef Pajestka, professor of economics] [Text] [Warsaw PRZEGLAD TYGODNIOWY in Polish 15 Sep 85 p 5] 12470/13046

EDUCATION LACKS CHALLENGES--Education has to be in opposition to the present endangered world, but as it is now, it is an acceptance of this world, because this is how the people are educated. In education there have always been elements of certainty and uncertainty. Traditional ways provide the first: diploma, a store of concrete knowledge, qualifications. Let the uncertain elements prevail - alternative thinking, effective acting in unexpected circumstances and conditions, imagining the impossible! We are teaching the old way, because of lack of realization that there is a different way of teaching and a lack of demand for new methods. [Ryszard Lukaszewicz, pedagogics professor at the Wroclaw University] [Text] [Warsaw PRZEGLAD TYGODNIOWY in Polish 15 Sep 85 p 5] 12470/13046

WORKERS FAVOR GOVERNMENT TRUTHFULNESS--Czeslawa Burcon - mechanic, brigadier in "Elwro" in Wroclaw. Reality should not be masked. Evil should be called by its name. In Poland, we are constantly inclined to cover up difficult problems. We are creating our own taboos. I believe that even when a problem is difficult, it should be presented to the people, put under discussion, attention should be paid to what the workers have to say on the subject. I have here in mind in general social problems, economic, and political. Truth which is concealed will come out anyhow and will hit us with all its force. [Text] [Warsaw PRZEGLAD TYGODNIOWY in Polish 15 Sep 85 p 5] 12470/13046

PARTY POPULAR IMAGE--Members of the party, the same party but not like the one from before August 1940 and July 1981, most often return in their

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thoughts to the bitter, critical, severe evaluation of that period of time of the seventies and often anxiously pose the question: Aren't we threatened in some measure with return to that situation in which the word "party" constituted sometimes just a facade for voluntarism and arbitrariness of the team, which the IX Congress so severely and justly eliminated? Therefore, the question constantly returns: How can we act better and more efficiently to prevent those old methods of acting, leading members of the party and party organizations to inertia and impotence? That was the slogan of the whole report campaign of the party in the beginning of this year. Worry about return to the old and bad style of work appears especially in the lowest elements of the party. This constitutes the guaranty that the "new" has a real chance, and a steady pressure by regular members of the party will not allow any dangerous repetitions. Also, the popular knowledge by the whole party membership of the document inspired by the IX Congress and accepted by the KC PZPR about the reasons of political crises in socialist Poland had its influence on the increase of activity in every area of life and not allowing one to close his eyes to the defects and wrongdoings wherever they appear. [Text] [Warsaw ARGUMENTY in Polish 25 Aug 85 p 15] 12470/13046

UNION 'BUSINESS' EARNS PROFITS--On 14 Oct a new enterprise was formed by the union members of Krakow steelworks in the Lenin steelworks combine in Krakow: a plant for recovering and recasting of recycled raw materials and delivery of services, which with general expenses of about 5 million zlotys will earn 1 million monthly. These profits will be designated exclusively for statutory and social services of the trade unions. Alfred Miodowicz, chairman of the OPZZ, who participated in the opening of this union-enterprise in Poland, the largest of its kind, declared that it is a sign of growing strength of the union movement in our country when the activity of labor workers takes on some concrete shapes like the organizing of totally new forms of production. Two hundred and fifty steel workers are employed in this plant. They do their work when they are free from their regular job and are paid by the piece. They are using up the piles of the combine. For the beginning they are reclaiming exclusively the scrap iron. With time, they foresee also utilization of slag and a large-scale production of building materials. The liquidation of the heaps of refuse in the foundry will also be beneficial to the protection of the environment in the Krakow region. [Text] [Warsaw RZECZPOSPOLITA in Polish 15 Oct 85 p 27] 12470/13046

KISZCZAK SUPPORTS VICTIMS AID FUND--"As a chairman of the committee of the council of ministers for preservation of law, public order, and social discipline, I am in favor of initiating a special fund for financial aid to the victims of physical injury or material loss suffered as a result of a crime perpetrated by criminals. Means to support this fund should come mainly from fines paid by the criminals. This fund would be a great help to those people whose difficult situation resulted from becoming crime victims and who have no other source of compensation." [General Czeslaw Kiszczak, Minister of Internal Affairs] [Text] [Warsaw POLITYKA in Polish 12 Oct 85 p 2] 12470/13046

OPZZ'S SEJM ROLE IMPORTANT--Alfred Miodowicz, OPZZ Chairman: "I would like to state that I am not the only one to run for the office of deputy to the Sejm. At least a few dozen other union officials have the same opportunity. And what is there in it for the trade union movement? A lot. It will strengthen our position. Having representatives in the Sejm will give us a chance of gaining influence through the Sejm. Through our representatives who act mostly in the clubs and within the union parliamentary group, we may get an opportunity for legislative initiative. This is our new proposal. We shall try to convince each one of the deputy clubs about the necessity of forming a parliamentary trade union group. I expect to succeed." [Text] [Warsaw POLITYKA in Polish 12 Oct 85 p 2] 12470/13046

OCHAB TRUE TO OLD LINE POLITICS--Edward Ochab, former first secretary KC PZPR: "In connection with your letter from the first of this month, I like to let you know that I will not be able to participate in the discussion you have arranged on the subject of the so-called turning point in the PPR line in the year 1948. I like to state that I am still in agreement with the KC PPR of that time and especially with the actions of the outstanding KPP workers who under the leadership of Boleslaw Bierut, Aleksander Zawadzki, Pawel Wojas, Franciszek Jozwiak justifiably opposed the numerous wrong ideas of comrade Gomulka. Thanks to the rightful policy of the renewed leadership of the PPR, the Polish workers' movement got consolidated on the basis of Marxism-Leninism. We have reduced considerable the pressure of nationalistic myths, especially of the followers of the arch-traitor Pilsnolski, which so persistently weighed heavily as the unfortunately still do on the minds of the masses, in particular the petit bourgeoisie. With a communist greeting." [Text] [Warsaw POLITYKA in Polish 12 Oct 85 p 2] 12470/13046

HUNGARIAN AUDIT OFFICIAL VISITS--On 31 October Kazimierz Secomski, assistant chairman of the State Council, received in Belweder Jozef Szakali, chairman of the Central Control Committee of the Hungarian People's Republic, who was visiting Poland. General Tadeusz Hupalowski, president of the Supreme Chamber of Control, took part in the discussion. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Nov 85 p 5] 12432/13046

GDR INSPECTORS DELEGATION--At the invitation of General Tadeusz Hupalowski, president of the supreme Chamber of Control, a delegation of the Worker-Peasant Inspectorate Committee of the German Democratic Republic, with the minister and the chairman of the committee, Dr Albert Stief, visited Poland on the 4th of this month. The guests will become acquainted with the functioning of the Supreme Chamber of Control and with the activity of the Worker-Peasant Inspectorate, both in the central and regional systems. [Text] Warsaw TRYBUNA LUDU in Polish 5 Nov 85 p 2] 12432/13046

GORNICKI VISITS CHINA--At the invitation of Prof Huan Xiang, director of the International Relations Research Center of the State Council, Major Wieslaw Gornicki, advisor for the president of the Council of Ministers of the Polish People's Republic, visited the Chinese People's Republic. In Peking and Shanghai, he gave talks on the subject of the current problems of Polish internal and international policies. Major W. Gornicki was received

by the vice chairmen of the state committees for education, scientific, and technical matters, and by the vice minister of foreign affairs of the Chinese People's Republic, Zhou Nan. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Nov 85 p 9] 12432/13046

CZECH-POLISH STATISTICAL TALKS--On the 5th of this month, Vice Premier Janusz Obodowski spoke with Vladimir Micka, president of the Czechoslovakian Federal Statistics Office, and with Iri Antos, president of the Czechoslovakian Statistics Office, on the topic of defining the directions of cooperation and the exchange of experiences of the Polish and Czechoslovakian statistical offices for the next few years. Wieslaw Sadowski, president of the Central Office of Statistics, participated in the discussion. [Text] [Warsaw TRYBUNA LUDU in Polish 6 Nov 85 p 2] 12432/13046

NATIONAL TRADE UNION SEMINAR--The national trade union seminar on the subject of the protection of labor has been completed in Wroclaw. Directions for amendments to the Labor Code, among other things, were discussed. Problems of labor supervision over the activities of social inspectorates of labor and issues of trade union cooperation with the State Labor Inspectorate were also discussed. [Text] [Warsaw TRYBUNA LUDU in Polish 31 Oct-3 Nov 85 p 2] 12432/13046

CZYREK RUDE PRAVO INTERVIEW--The organ of the central committee of the Czechoslovakian Communist Party, RUDE PRAVO, published under the title "Facing the Future of Poland," an extensive interview with a member of the Political Bureau, secretary of the central committee of the Polish Communist Party, Jozef Czyrek. He answered questions on the evaluation of the situation in the country after elections to the Sejm in the context of the gradual overcoming of the crisis. [Text] [Warsaw TRYBUNA LUDU in Polish 31 Oct-3 Nov 85 p 7] 12432/13046

RAKOWSKI AT REGIONAL MEETING--Vice Premier Mieczyslaw F. Rakowski met with the political-administrative director of the Piotrkow voivodship, discussing the most important current social-economic problems of the region. Next, he visited the Belchatow industrial region, becoming acquainted with the activity of its most important enterprises. [Text] [Warsaw TRYBUNA LUDU in Polish 31 Oct-3 Nov 85 p 2] 12432/13046

KOSZALIN PRIEST DECORATED--Today, at the Voivodship Office in Koszalin, the solemn decoration took place of Jan Krzeminski, priest of the orthodox parish and chairman of the Koszalin branch of the Polish Ecumenical Council, with the Officer's Cross of the Polonia Restituta Order. Besides his 66-year-long pastoral activity, Father Krzeminski also has much to his credit in the social and political life of our country. At present he fulfills the function of councillor at the Voivodship People's Council, and is a member of the Voivodship Council of the Patriotic Movement for National Rebirth (PRON). Among the orthodox clergy, a medal of merit for services to Koszalin Voivodship was also awarded to bishop of the Wroclaw-Szczecin Diocese, Dozent Dr of Theology Jan Auchimiuk-Jeremiasz. The act of decoration was performed by Koszalin voivoda, Zdzislaw Mazurkiewicz. [Text] [Koszalin Domestic Service in Polish 1605 GMT 21 Nov 85 LD] /9599

SOCIOLOGY

BULGARIA

SOCIAL CONSEQUENCES OF CONSTRUCTION POLICY DISCUSSED

Sofia NARODNA KULTURA in Bulgarian 18 Oct 85 p 5

[Article by Emi Barukh: "You and I and Those People Who Think for Us"]

[Text] Here's the city that we'll settle together. You and I. She and he. We. By the luck of the draw. On a long-awaited list. Here we are with the order for settlement in our hands. You and I. She and he. We. Freed from rent, we feel even less free. Constraints leave us with no possibility of choice. The distance disturbs our stereotypical, at least for some thirty odd years, lifestyle up to now. Irregular transport services leave us with unclear variants for meeting relatives and their families (they are far away, on the edges of old Sofia). The lack of stores, a clinic, and children's institutions promises us that we will have a lack of free time, as well as overflowing buses and packed bags when returning from shopping. The absence of a telephone system forces us to experience hidden fear and uncertainty, and we are young families with little, sickly children, who are having either their third bout of tonsillitis or some undefined allergy. We are the young families with out vital juices flowing.

It is autumn now. Several winters will be spent plodding in the muck. In this bedroom community, to which we return each evening, the daily foul-ups make everyone tired and give us only one choice: to stare at the television, so that we do not accuse each other of having made this poor choice and about our parents' insufficient economic potential, because they had not managed to get their children set up. Gradually we stop planning general measures: it is practically impossible after work to make it home and then leave again, it is difficult for grandmothers to travel out in the evening to look after the grandchildren, there is no way of telling them we will be late... And our family life turns into cohabitation, into unhappy neighborliness, which gathers the remnants of its roots around the white tablecloth only on the children's birthdays (and only when they are small).

And on weekdays? Fried eggs, a shared bed and common phrases turn into an especially modern type of neighbor unit, which formerly used to share dreams about the family nest, and now shares a common key to 60 to 70 square meters, which determine the living standard of several generations of new residents.

A "neighbor unit." Three per floor, eight floors, four entrances. Obelya 2... Many units, a multitude.

A multitude of people seeking a place to live NOW, not 5 years in the future, because they doubt that they will emerge unscathed from such an interminably long postponement of their youth.

Neighbor units in blocks without streets, without a shopping center, without shape. Where sociologists and psychologists begin to look into things, to seek the influence of these bedroom communities on the psychology of children (Our children!). And to formulate joyless statistics against the background of anonymous city building spots. But we are not interested in statistics, rather the units that make up the multitude, the human scale in a process that existence does not submit to. That is why discussions about aesthetization of the living space, quality of architectural production, and the appearance of populated areas fade away like the echo of a superfluous bell. We want a change in the point of view. The social consequences of a construction policy interest us, for this policy does not serve the future but organizes people's lives according to norms that satisfy no one, least of all those who put their names to the architectural plans!

I state this because, due to a confluence of circumstances, I know well the ambitions inherent in designs made by students who are twenty odd years old. I have learned to sign in a routine way masked boxes and to respect any attempt to flee from models, for I have often been a witness late at night to designs submitted to a contest. Perhaps I am biased. And perhaps precisely because of this I ask: by what logic are people who have the only oversight in regard to the social consequences of construction policy placed in a subservient position, in last place among an unequal quartet of investors, producers of the construction, and builders? But let us begin from another place. With a number of paradoxes, a multitude of paradoxes.

The design's creator has no rights at all at the site. The legal power lies with the investor, and actually with the builder. Designer's oversight is not regulated, nor are there any means for doing this. Often, if the executors make a mistake, the architect is not in a position even to whisper in a frightened prompter's voice from behind the scenes, because he has the production plan hanging over him, and even if he wants to, he is rarely given the time to check on his own "spectacle."

Is it not time to apply the designer's control not to a symbolic sum but to the position of a real task among the design organization?

There is no precedent in world practice for an architect to obtain preliminary approval from the construction organization in terms of what is possible and what is not. (This is like the surgeon's sister dictating what kind of scalpel to use and what incision to make). Here, instead of architectural practice being dragged ahead of the production, the designer is forced to work according to the dictates of existing construction capacities. More precisely, incapacities. Precisely this slavery to large-panel technology (created in the fourth century!) is one of the basic principles of high rise construction of apartment blocks. Despite the fact that the whole world has rejected tall buildings for mass construction, because they are more expensive, need additional ventilation, elevators, and complex installations; despite the

fact that in Bulgaria water does not run above the 5th floor for 6 months of the year, multi-story blocks continue to emerge as regular evidence of a construction policy that does not fit with humans and is uneconomical. Serious attempts have not been made to construct so-called "carpeted" living spaces, elevatorless houses, which resemble a 12-story building in density, that can be carried out with little mechanization, are cheap, and can return to the people that inimitability of living, which new residents in satellite blocks have long forgotten... Despite the desire of the designers, because of the builders' debility.

The norms that dictate architectural work are strange. In practice they deprive it of the creative element, because only trade skills are taken into account. A certain honorarium is set for the architect for a given task; it does not depend on the complexity of the quality of fulfillment. And this value, which measures highly trained work, determines the time for carrying out the design; for a house only 2 days are allocated! This is an absurdity.

Even greater absurdities exist: at Sofproekt I learned about an order of the Sofia People's Council, according to which 3 blocks have to be designed in just 45 days! and without sufficient data about vertical planning. One asks oneself whether these orders contain, in a concealed form, the social evaluation of an architect's work?

The attitude toward an architect's work is broadcast in the following fact: the investor's practice is to toss the assignment on his table without the output facts, and then determine the deadline and require that it be maintained! And the designer studies, puts things together, does blueprints, and presents the architectural design... All the technical tasks which impermissibly shorten one stage in the creation of a building. And only his membership in the creative union, as a luxurious flower, remains to remind him of another hairstyle that is meant for a holiday, and not for a workday...

We are speaking about hidden forms of social evaluations of the architect's work. This is one of the manifestations: according to the existing price regulations, 30 percent of the honoraria are paid for designs involving ideas, but 50 percent goes to work designs, which again stimulates drafting and affects thinking in architecture.

Is it accidental then that so much designing here is done so quickly. That intellectual work is wasted with such ease on petty, endless, and senselessness maneuvering on paper? That the feeling of being interested in what one is doing vanishes or pales? The architect remains anonymous, without a personality among the facades of his own featureless blocks, because of all kinds of constraints, to which he is forced to submit. The least pleasant of these is the construction constraint:

Twenty-eight brigades have shown their know-how at appropriate times, so that they could receive the task of executing the Palace of Justice. There are no builders now. Thus their price is high and the dictates are strong. The designers submit to their lowest capabilities and their great pretensions. They refuse to join two walls at any angle other than a 90 degree one, they

cannot do visible concrete, they set their own pace of work... The construction industry is even more helpless: the quality of the materials is miserable. It is no accident that the price of one old tile on the black market is one lev. And no one wants to buy the new ones. The wooden materials are not good; the factories which produce the facing bricks work with low quality clay; we cannot produce in sufficient quantities strong types of concrete (the kind that is water resistant). The negative factors seem to multiply in an enchanted circle.

Mass construction is not ordered in a monolithic way, such as with bricks (despite the fact that this is cheapest!) because there is a shortage of labor; dual-rolled woodwork cannot be used (despite the energy crisis!); nor can wooded materials, aluminum, non-ferrous metals, to make stone facing, or to construction dual-pitched roofs. All of this requires special permission. There are enough loopholes that can be used, but again at the cost of dozens of hours lost going from place to place.

The architect also loses time because of something else: he is forced to visit the factories, to find plates, plywood, clean rods, paints, facing materials, woodwork... because (a regular paradox!) we have no catalogues. And even if they have them somewhere, that is no guarantee that the samples shown in them are produced at the moment when they are needed. Perhaps someone could count the wasted weeks the architect spends looking for light fixtures, carpeting, furniture. And despite his efforts he finds only one type, at the most two. That is how we get those ugly, joyless apartments with identical colors and the same smells, in which, as soon as the new resident gets the key, he begins to rip off the wall paper and fix the toilets.

Because we feel that it is more expensive to live better for more years, to create a high standard of living, and labor and rest are the indicators which will characterize the following century? Is it not really simple reckoning that such designing should be accompanied by fewer thefts and with more human joy, with more energy for life? Is it not time to think about how staunch the rising feeling of fatal doom (after so many years of hope!) by receiving a settlement order in a distant residential district? About how we slowly turn a family into a sad "neighbor unit?"

A neighbor unit. The French give this concept another meaning: this is what they call residential microdistricts in new satellite cities, where there is an administrative, cultural, trade and sports center, where the social service network begins working months before the first family moves in! But who needs to compare Ivry with Obelya? It is only an example.

There have been many reports about the mistaken sequence of first building living quarters and then later the social buildings and shopping centers. But until the hierarchy in the dialogue between the creators and executors of construction policy is broken, we will stop here: before conclusions are made. We will register our confusion about the bedroom communities, the social neuroses and the breaking of habits and traditions, which support the family community. We will register new "neighbor units" with the uneasy hope that they will be the exceptions. And in the inertia of our tiredness and

dissatisfaction, we will continue to seek, to accuse, and to wait for some architectural changes:

For me and you, for him and her, for all of us.

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SOCIOLOGY

CZECHOSLOVAKIA

PLACEMENT OF GRADUATES STILL UNSATISFACTORY

Prague RUDE PRAVO in Czech 5 Nov 85 p 1

[Editorial: "Let's Take a Full Advantage of Growing Education"]

[Text] In past years our society has dedicated a great care to education and learning, to the development of sciences, culture and the arts. In the school system meaningful conceptual and organizational changes are gradually being implemented. Their target is to bring the young generation's education and learning into accord with both the present and future needs of the national economy, research and development progress, and social well-being.

As pointed out at the 15th Central Committee of KSC session, it is our full responsibility to take care that "the steadily growing education of people be fully utilized."

Enforcing the accord between possibilities and needs does not concern only the school system personnel, it is a matter of all sections of social activities, especially that of senior officials and party organizations. Primarily at stake is the necessity of fully utilizing the growing education of people for the benefit of the society. This applies especially to the young generation, but it holds also generally, for all people.

As stated in the statistics, during the 1970 to 1980 decade the education of economically active population in this country has improved for the better. The ratio of university/college graduates, high-school graduates and that of trained apprentices has increased from 5 to 7.2 percent, from 13.4 to 17.5 percent and from 27.9 to 32.1 percent, respectively. On the other hand, the ratio of workers with basic education has decreased from 41.6 to 33.2 percent. In the last 5 years this positive development has been continuing, and new conceptual changes in the school syllabi, especially those for the young workers' generation, will lead to a further increase in education.

The young workers' generation, which gets a higher-level preparation for a vocation, evidently will not present any problems in placement and application in appropriate jobs. Quite another kind of situation will arise, however, with university and high school graduates, especially engineers and technicians, whose preparation of several years costs the society considerably. We cannot afford to waste money by not consistently and effectively

utilizing the education of these people. Education and professional qualification pertain to the inexhaustible sources which can be further increased. However, it can be done only then, if the engineer or technologist is placed in an appropriate position where he can apply his know-how.

We have to bear in mind that most of the graduates, either of technical colleges, universities or middle vocational schools, have made up their minds to study a certain field as soon as they reach fifteen years of age, joining their education and know-how with their dreams and images of their whole lives in the future.

That is why they usually find the closest rapport with ever so complex assignments when their places of work correspond to their conceptions, and then in solving rising problems they increase their own education and broaden their know-how in the field. However, not only placement is at stake here, but also the arrangement of conditions which would enable these people to apply their acquired knowledge. It is known that many positions whose placement calls for college/university or complete high-school education, are filled with staff with lower education. This does not mean, naturally, that these people will be simply and immediately replaced by those who do have the appropriate education. It cannot be said that acquired education is the only criterion for filling especially managerial positions. Much more will have to be done before the problem of placing graduates of different types of schools is fully resolved. First of all, it is necessary to improve markedly the planning of the need of qualified personnel, to conduct a timely search for job opportunities for these people. Also, a close coordination with colleges, universities and high-schools has to be established, necessary contacts with future graduates have to be made during their studies, and further graduates have to be made during their studies, and further developmental perspectives of all workers with higher education have to be born in mind.

Nowadays, however, there are many work sites, enterprises or other organizations where an engineer or technologist is considered by the economic manager to be just one of the manpower able to cover any part of work needed to be done for fulfilling the plan. Managers do not try to implement the social value of the education of such people. That is why it can happen that toward the end of the month, when catching up with the plan, there are places where designers, technologists and other personnel of the pre-manufacturing sections crash work in workshops together with workers.

These setbacks in management mean wasting the values represented by education. They are harmful also in a different way, especially if occurring on a regular basis, namely in the eyes of the very engineers and technologists they disparage the importance and need of their work in their own places, which frequently results in labor turnover. It can even happen that people staffing such units prefer to leave for working sites farther from the field for which they have been preparing for years. Thus it may occur that an engineer, specializing, e.g., in oil engines, works as an operations engineer in food industry.

The job turnover of college/university and high-school graduated professionals is caused also by many other setbacks, such as unkept promises of apartment allotment, financial underestimation, etc. Naturally, many times also the graduate himself overestimates his knowledge, feeling disparaged without proving how he can apply his acquired qualification. These problems can and have to be resolved.

The application of the young technical intelligentsia for pursuing progress in research and development is connected with broader aspects of education as well. Setbacks in finding correct and appropriate placement for these young engineers and technologists, as well as frequent underestimation of their work is only one side of the matter. The other extreme is the fact that young and still unexperienced professionals are entrusted with jobs and assignments which are beyond their abilities. At school they have acquired primarily broader and more profound knowledge, however, it is not possible to learn only in theory how to manage a team and be responsible for others, one's subordinates. These matters have to be learnt in real life. The thing to be done, then, is to create a climate in every work site such that people given appropriate education by the society gradually get to know the place and ways to cooperate with the team. In this atmosphere they can join the team as its inseparable part, and at the same time feel the responsibility for the rate of development of our society.

Intensive development of the national economy, and achievement of progress in science and technology will increasingly require reduction in numbers of unskilled and less skilled jobs, with a need, on the other hand, for positions demanding a high level of education. We cannot allow that the education level which has been already achieved in our society, and which we want to further increase and broaden, be wasted by irresponsible management of personnel.

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CS0: 2400/60

SOCIOLOGY

POLAND

STUDENT SELF-GOVERNMENT LAWS

Warsaw DZIENNIK USTAW in Polish 15 Oct 85, Item No 230 p 619

["Order of the Minister of Science and College Education of 1 November 1985 on the Guidelines for the Organization and Activities of Student Self-Government Organs"]

[Text] On the basis of Article 120, Paragraph 3 of the Law of 4 May 1982 on college education (DZIENNIK USTAW, 1985, No 42, Item 201) the following is decreed:

Paragraph 1.1. College students create student self-government regardless of their organization affiliation.

2. College campus, dormitories, and college housing fall within the jurisdiction of student self-government.

3. Student self-government operates through its elected organs.

Paragraph 2.1. The following are the organs of student self-government:

- (1) representative of a student group;
- (2) representative of a class;
- (3) departmental council of student self-government and its chairman;
- (4) college council of student self-government and its chairman;
- (5) council of dormitory residents and its presidium;
- (6) council of college housing and its presidium.

2. Student group representative organizes the group and represents its views.

3. Class representative coordinates the activities of group representatives.

4. Departmental and college councils of student self-government express their opinion of the draft decisions of the college in matters of instruction, upbringing, extracurricular activities, and housing.

5. Chairmen of departmental and college councils of student self-government organize the activities of the council and represent student self-government in the departmental council and the senate, respectively.

6. The council of dormitory residents represents the entirety of dormitory residents and organizes social functions in the dormitory.
7. The council of college housing coordinates the activities of the councils of dormitory residents of a college.
8. Organs of student self-government cooperate with the relevant organs of the party [PZPR], political organizations, trade unions, and elements of national student and youth organizations.

Paragraph 3.1. Concrete guidelines for the activities of student self-government and the mode of establishing its organs are outlined in the statute of student self-government in colleges adopted by the self-government organ of the college in accordance with the sample statute of student self-government.

2. The statute of student self-government in colleges also sets forth the guidelines for the activities and the mode of establishing the self-government organs of dormitory residents and college-operated housing.
3. The statute of student self-government in a college takes effect on the day of its confirmation by the chancellor of the college with the consent of the relevant minister operating the college.

Paragraph 4.1. In the event the activity of student self-government organs contravenes the law or social interest, disrupts carrying out the curriculum and upbringing mission of the school, or disturbs the order in effect in the school, the chancellor of the college draws the attention of the relevant self-government organs to the irregularities observed, simultaneously requesting that they be eliminated within a given period of time.

2. Failure to comply with the request referred to in point 1 causes, depending on circumstances, the setting aside of the resolution of the self-government organ, suspension for a definite time of the member of student self-government responsible for the irregularities or their elimination, or suspension of the organ or organs of student self-government by the chancellor.

3. The order takes effect on the day of publication.

Minister of Science and College Education B. Miskiewicz

9761/9871
CSO: 2600/121

SOCIOLOGY

POLAND

UNIVERSITY ORGANIZATIONS REGISTRATION RULES

Warsaw DZIENNIK USTAW in Polish 15 Oct 85, Item No 231 pp 620-621

["Order of the Minister of Science and College Education of 1 November 1985 on the Guidelines for Setting Up, Registration, and Mode of Dissolving Scientific, Artistic, and Athletic Circles in Colleges"]

[Text] On the basis of Article 128 of the Law of 4 May 1982 on college education (DZIENNIK USTAW, 1985, No 42, Item 201) the following is decreed:

Paragraph 1. The order applies to scientific, artistic, and athletic circles which are not statutory elements of national student and youth organizations.

Paragraph 2.1. Scientific, artistic, and athletic circles--henceforth referred to as "circles"--operate in colleges within the framework of the department (institute, chair).

2. The circles are a form of scientific activity by the students which enhances their interests associated with the curriculum and research of the department (institute, chair).

3. In colleges reporting to the Minister of Culture and Art, artistic circles may also operate, as well as athletic circles may in colleges reporting to the Minister-Head of Maritime Economy Administration and the Main Committee for Physical Education and Sports.

Paragraph 3.1. No fewer than three students interested in setting up a circle submit to the chancellor a preliminary program and topics for the work of the circle in order to secure the chancellor's consent for setting up the circle.

2. While consenting to the setting up and operation of the circle, the chancellor specifies the deadline for filing a petition for registering the circle. Failure to file the petition before the deadline set causes the chancellor to withdraw his consent for further operation of the circle.

Paragraph 4.1. Petition for registering the circle is submitted to the chancellor by a group of no fewer than five founding members. The petition must contain:

- (1) name of the circle and its place of operation;
- (2) first and last names of students who are founding members as well as their departments and class status;
- (3) name and last name of a person or persons from the founding members entitled to carry out the activities associated with the registration of the circle.

2. The petition should be accompanied by a statute, a program, and outline of circle activities and the evaluation by the dean (director of the institute, department chairman) under whom the circle is to operate assessing the compliance of the circle's program with the curriculum and research program of the department (institute, chair) indicating the scientific advisor of the circle and sources of financing the circle's activities.

3. The statute should include:

- (1) the name of the circle and its place of operation;
- (2) goals and tasks of the circle;
- (3) [classes of] persons who can be members;
- (4) officers of the circle, their responsibilities, mode of nomination, and term in office;
- (5) circumstances and mode of dissolving the circle on the basis of the circle's resolution;
- (6) mode of adopting and amending the statute.

4. The statute may include other provisions necessary to regulate the activity of the circle.

5. The chancellor notifies the authorized persons referred to in paragraph 4, point 1, item 3, the dean (director of the institute, department chairman) and the relevant minister (head of national agency) about the registration of the circle within 14 days of the date the entry in the register is made.

Paragraph 6.1. The relevant official body of the circle notifies the dean (director of the institute, department chairman) of the names of persons serving on it within 1 month of being notified of the entry having been made in the register.

2. The relevant official body of the circles informs the chancellor and the dean (director of the institute, department chairman) about changes of circle officers within 14 days of the latter occurring.

Paragraph 7. The founding members can appeal to the relevant minister (head of national agency) the chancellor's decision to refuse registration of the circle.

Paragraph 8.1. The following are entered in the register of circles:

- (1) name of the circle;
- (2) first and last names of the founding members along with their department and class status;

- (3) the date of the circle's registration;
- (4) the circle's place of operation and address;
- (5) entry on the dissolution of the circle;
- (6) entry on the corrections and amendments to the statute;
- (7) names of current officials of the circle.

2. The statute and program of activities of the circle are appended to the register.

Paragraph 9.1. The circles are dissolved by virtue of the resolution of the circle or a decision of the chancellor.

2. The rector, on his own initiative or on the recommendation of the dean or scientific advisor of the circle can decide to dissolve the circle upon determining that:

- (1) the activities of the circle run counter to significant social interest;
- (2) the activities of the circle are in contravention of the provisions of the law, statute, and program of activities;
- (3) no activities have occurred over a period of 1 year;
- (4) the number of members has declined below that of founding members.

3. In the event the circle is dissolved, the chancellor resolves to set up a liquidation commission.

Paragraph 10.1. The circles existing on the date the present order takes effect are to be entered in the register automatically, provided they meet the requirements outlined in the order.

2. In the event the existing circles do not meet the requirements outlined in point 1, they must submit a petition meeting these requirements within 3 months of the date the order takes effect.

3. In the event the steps referred to in point 2 are not taken the circles are subject to dissolution.

Paragraph 11. Order of the Minister of Science, College Education, and Technology of 10 December 1982 on the student organizations and associations (DZIENNIK USTAW, No 38, Item 255) becomes invalid.

Paragraph 12. The order takes effect on the day of publication.

Minister of Science and Higher Education B. Miskiewicz

9761/9871

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SOCIOLOGY

POLAND

RADIO, TV REGISTRATION

Warsaw DZIENNIK USTAW in Polish 15 Oct 85, Item No 236 p 624

["Order of the Minister of Communications of 15 September 1985 on the Conditions and Mode of Registration of Radio and TV Sets"]

[Text] In accordance with Article 19 Paragraph 4 of the Law of 15 November 1984 on communications (DZIENNIK USTAW, No 54, Item 273) and Article 2, Paragraph 5 of the Law of 2 December 1960 on the Committee for Radio and Television Broadcasting "Polish Radio and TV" (DZIENNIK USTAW, No 54, Item 307 and DZIENNIK USTAW, 1984, No 54, Item 275) the following is decreed:

Paragraph 1.1. The responsibility for registering radio and TV sets--referred to as "sets"--devolves on the owner.

2. Whenever this order makes reference to the owner, a physical person, a legal person, institutions, and organizations owning the sets in a condition suitable to receive radio and TV broadcasts are meant.

Paragraph 2.1. Registration takes place in the post office serving the place in which the set is used and in case the set is used in a mobile structure, the place of permanent residence (headquarters) of the structure.

2. The obligation to register the sets owned has been honored if one of the sets has been presented for registration used by:

- (1) physical persons in the same household or the car which they own;
- (2) in hospitals, sanitariums, schools, day care centers, nursing homes, inland waterways, and seagoing vessels--in the same building, group of buildings or cars owned by these units.

3. Organizational units not included in point 2, item 2 are obligated to present for registration all the sets owned.

4. Registration should be carried out within 14 days of becoming the owner of a set.

Paragraph 3. A personal radio and TV certificate specifying the place where sets are used confirms their registration. In justified cases, the owner may use the sets in a place other than those indicated in the certificate.

Paragraph 4. The sets are registered for an indefinite period of time, and in justified cases, also for a definite period.

Paragraph 5. The owner of the sets must notify the communications office of the change of name, permanent residence (headquarters), loss or destruction of the radio and TV certificates, and discontinuing the operation of a set.

Paragraph 6. The owner of the sets can at any time effect their deregistration.

Paragraph 7.1. The following are exempt from the registration duty:

- (1) units of the socialized economy involved in producing or distributing radio and TV equipment with regard to the sets which are in their inventory;
- (2) units of the socialized economy repairing radio and TV equipment and physical persons who are licensed craftsmen allowed to repair radio and TV equipment with regard to the sets they have taken in for repairs.

2. Persons visiting the People's Republic of Poland for a period no longer than 3 months and owning tourist and car radios are also exempt from the registration duty.

Paragraph 8. Sets other than those receiving common use frequencies are registered upon the presentation by the owner of a license issued by the State Radio Inspectorate.

Paragraph 9. Post and Telecommunications Ministry offices collect user fees for the sets as well as fines for delays in paying these fees and using unregistered sets.

Paragraph 10. Licenses granted in accordance with the regulations previously in force are considered to be registration of the sets as defined in the present order. The above does not apply to sets receiving other than common use frequencies.

Paragraph 11. Order No 73 of the Minister of Communications of 29 September 1972 on granting radio and TV licenses (DZIENNIK IACZNOSCI, No 20, Item 147) becomes invalid.

Paragraph 12. The order takes effect on the date of publication.

Minister of Communications W. Majewski

9761/9871
CSO: 2600/121

SOCIOLOGY

POLAND

STUDENT, CENSOR ROLE IN CABARETS EXAMINED

Warsaw PRZEGLAD TYGODNIOWY in Polish 8 Sep 85 p 8

[Interview with Krzysztof Jaroszynski by Wlodzimierz Krzyzanowski]

[Text] [Question] For more than a dozen weeks now, you and your colleagues from the cabaret 'Pod Egida' have gotten a fixed place at your disposal in 'Przeglad Tygodniowy.' The 16th page of our weekly could be considered kind of a continuation of the cabaret 'Pod Egida' and so be it. I like to ask you, maybe a bit perversely, what in your opinion is a cabaret and can it function satisfactorily in Poland?

[Answer] Poland is just the right place for this form of a cabaret, because this is the art of making fun of a difficult situation. Therefore, it has no place in many other countries, but with us it is just the opposite. From the beginning our situation has been difficult, and therefore the need for this kind of art is continually present here.

[Question] Oh, and sometimes even almost mythologized censorship?

[Answer] A cabaret production, to be treated as a work of art, must overcome all restrictions and reach the viewer, listener, or reader of our script, so that he be able to understand the allusions and subtleties. A Dutchman or a Swiss does not need to grasp allusions, but a Pole has to. And the censorship, really mythologized sometimes by some authors, uses its power from time to time. In 10 years, maybe eight or 10 of my scripts were questioned. I do not know whether this is a large or a small number.

[Question] Under these circumstances, can the cabaret fulfill the function of an outlet for social moods?

[Answer] In theory it can, and in practice it certainly is a review of problems, but whether it eases anything? Does it let some air out? This I do not know; to make sure we would have to submerge this balloon in water.

[Question] As an author and performer, you must have an insider's view of the cabaret. What is the Polish cabaret, and what is its special character?

[Answer] A specific feature of the Polish cabaret is that the subject matter outweighs the form in a colossal measure; it lacks attractive forms for the contents. For instance, a person not familiar with our language does not find anything attractive in our cabaret, and this should not be so. It also lacks artistic values, which should be part of it, even if it were just aesthetics of ugliness.

Everywhere the audience dictates the level of abstraction of the jokes, and the writers are supposed to put their jokes on a level a bit higher; but even in this respect, our situation is worse now than it was 10 or 15 years ago. From this, of course, one can deduce a sad thought, that our life is becoming increasingly less and less refined.

Besides, the cabaret is slowly becoming the art of older people. The youngest performers are in their thirties. There are no younger ones, because whatever the youngsters have to express was picked up not by the cabaret but by rock music. I do not know if this is an accident. Polish rock was very politicized, and even today, the words of Andrzej Mogielnicki in 'Lady Pank' are as challenging as the young people can accept it.

[Question] In the past, the bases for professional cabarets were the cabarets of the students. Why is it different today?

[Answer] The statistics and reports of academicians probably claim that the cultural level of our college youth is rising, but just the opposite is true. Student cabarets do not exist. It became a normal state of affairs that at a student song festival the funniest song is the one about 'pedals.' Does it mean that today the foremost problem of the students is homosexuality? The excuse that a script on any other subject will not be allowed by the censorship is nonsense, hogwash.

[Question] Could it be a case of extreme self-censorship?

[Answer] Every writer is exercising some autocensorship, which is sad, because this way we are limiting ourselves. Autocensorship, even though resembling regular censorship, still should be more liberal in about 25-50 percent. If this is not the case, then an abnormal situation takes place. A similar case is with the spectators, when they hiss. Hissing is the reaction of the audience when the joke does not make them laugh. They hiss instead, meaning that they fear for me, even though I know what I am doing and am responsible for it. As long as they are hissing and not laughing, something is wrong, in my estimation. It is encouraging that the hissing is decreasing now, but even not so long ago, there was a lot of hissing going on at 'Pod Egida.' Whose fault is it? Mine? Theirs?

Poland is a country where popularity has a very special character. Anybody who appears on the television often enough and for a long time - even though maybe a very mediocre artist - is sure to perform till the end of his days.

[Question] From what you just said, one may conclude that you condemn television 'lock, stock, and barrel,' but this is probably not the case, since you are cooperating with it. Isn't that so?

[Answer] Of course I am not totally condemning television. It is the way it is for some objective reasons: insufficient number of studios, installations, and lack of people with suitably high qualifications.

[Question] Let us move over to the cabaret 'Pod Egida.' What in your opinion is the secret of its long life?

[Answer] Really, considering the age of our cabarets, Jan Pietrzak's 'Pod Egida' is a prestigious institution. It is true, there were some interruptions in its functioning and there were times when it was very easy to close it. That this did not happen is only thanks to the stubbornness and consistency of our chief Pietrzak, at times even as a result of his almost circuslike manipulations, because he knows what to do to keep the cabaret alive, so to speak. I think that all of us in 'Pod Egida' are aware of the fact that the cabaret will not solve the problems pervading our society, we can only together make jokes about our difficulties, especially of the most trivial matters. When it comes to the importance of 'the mission we carry,' the opinions of our viewers, as well as our performers, vary considerably. I believe that it is minimal. I also think that the success of 'Egida' results as well from the fact that, besides following the artistic guideline, we also follow the guideline of decency to each other.

[Question] Getting a ticket to the coffeeshouse 'Ewa' where you perform is considered in Warsaw a great feat and a special good fortune. Does Jan Pietrzak's cabaret answer your past and present dreams? And one more thing--from the perspective of a writer and performer, what do you think of the audience of 'Pod Egida'?

[Answer] My dream is of a cabaret very astute, discriminating in a political and social sense; attractive enough in form to be fun, for instance for foreigners, who do not know the Polish language. I would like it to be a cabaret where the reaction is 100 percent, it means all the spectators laugh wholeheartedly when the script is funny, and cry when it is sad. Nothing unusual!

'Pod Egida' is the cabaret that suits me best, and this is thanks to Pietrzak. But then the public that comes there... It is more snobbish than subtle. Fortunately, there are frequent exceptions, and we must concentrate on them. There are times and situations when the squinting eye of a satirist is out of place. Plainly, life is so bad that it is impossible to make jokes about it. Then one can either keep silent or write seriously.

[Question] What are you doing, then?

[Answer] I rather remain silent.

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SOCIOLOGY

POLAND

BRIEFS

CULTURAL PROPAGANDA MEETING--On the 28th through the 30th of this month, the annual deliberations of the directors of centers of information, centers of culture, and Polish institutes abroad were held in the Ministry of Foreign Affairs. Evaluation of the work of these institutions was made, and tasks were delineated for 1986. The director of the Cultural Department of the central committee of the Polish Communist Party, Prof W. Nawrocki; vice minister of foreign affairs, J. Kinast; and the first assistant director of the Office for Scientific-Technical Progress and Initiation, Prof E. Grudzewski, met with participants in the deliberations [Text] [Warsaw TRYBUNA LUDU in Polish 31 Oct-3 Nov 85 p 2] 12432/13046

NEW UNIVERSITY OPENS--The university of the third century has been established in Lublin. The inauguration took place on 31 October at M. Curie-Sklodowska University. Lectures in the history of the universe, Polish history, psychology, philosophy, and gerontology among others were foreseen for the winter semester. [Text] [Warsaw TRYBUNA LUDU in Polish 4 Nov 85 p 2] 12432/13046

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SOCIOLOGY

YUGOSLAVIA

INTELLECTUALS DEFEND ALBANIAN CULTURE IN KOSOVO

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Nov 85 p 12

[Article by Viktor Meier, datelined Pristina, December: "Cultural Awakening in Kosovo"]

[Text] The prevailing mood in the Kosovo writers' union is that of cultural combat. A few weeks ago, almost all writers of Serbian and Turkic, in other words not Albanian, extraction wrote an "open letter" to their presidium and demanded that the union should "resolutely" condemn the pressure exerted on Serbians and Montenegrins to leave Kosovo, as well as deplore "nationalism and irredentism" in general. Writers of Albanian extraction are in the majority in the presidium, and that body therefore rejected the demand with the explanation that a writers' union was no "political organization" and did not need to constantly draft resolutions on daily political events. The signatories of the letter thereupon ceased to cooperate with the union. When the matter came up for discussion in the all-Yugoslav writers' union, the Albanian delegates from Kosovo, headed by Hasan Mekuli, president of the regional writers' union, walked out of the session, because they did not wish to reply to "uninformed attacks."

Hasan Mekuli, a bear of a man and by profession a university professor, uses the same tactics as the Albanian officials in the region: It is best to keep quiet and wait until the "Serbian furor" begins to die. Of course, Kosovo writers of whatever parentage are against all pressure, and they have expressed their views repeatedly. But a cultural association should not become degraded into an element of day-to-day politics. Of course, in the background we seem to hear the question: Where were the Serbian writers, in and out of Kosovo, when, with the pretext of a search for weapons, Albanians were arrested, beaten and almost 100 of them killed by the Udba [secret police] in the 1950's? Mekuli himself was evidently compelled to adopt the name "Mekulovic," when he went to school in Montenegrin Ivangrad (Berane) in the postwar years.

The protest by the Serbian and Turkish writers in Kosovo was evidently directed less at the "expulsions" than at the fact that Kosovo cultural life is increasingly turning Albanian exclusively--consonant with the population shift. At least Albanian cultural life is flourishing. "In 1981 we realized that political issues were not getting anywhere. As a consequence we turned inward," says an interlocutor. The new university library in Pristina is a

symbol of Albanian cultural awakening. Built in an oriental style, it is equipped with magnificent smaller and larger meeting rooms. The many transparent cupolas throw an agreeable reading light into the study halls. Occasionally some Albanians complain that the university has become less "Albanian" since 1981, and that this is also reflected in the textbooks and the behavior of many instructors. In fact, it is noticeable that a somewhat more realistic spirit has entered the university: The student body as a whole is smaller, and nowadays many more students follow technical courses while fewer concentrate on Albanology.

General director Shkreli of "Kosovo Film" is able to point to a remarkable number of movies made in his studios, some of them in cooperation. These films have enabled the Albanian culture of Kosovo to reach foreign audiences. "A Man of the Country," a movie by barely 30-year old director Agim Sopi, was sold to the GDR and Syria. In the smoke-filled lunch room of the regional theater, where he is employed full-time to direct stage plays, the young director said he had intended his movie to show that man is ultimately of importance only where his roots are. He had to make a few small changes in the film, because "someone" thought that he had meant to show that Albanians had been subjected to pressure to leave in the 1950's, not only Serbians now. He agreed to these changes, because they involved "insignificant touch-ups only." The director and the manager of Kosovo Film denied that such subject matter indicated a certain inclination toward "blood and soil." On the contrary, they said, they endeavored to deal with general human topics, albeit the films were set in Kosovo. The actors were claimed to be outstanding.

The question remains whether the cultural awakening in Kosovo can be incorporated in the general cultural life of Yugoslavia, or--on the contrary--will aim to get away from it and should be interpreted as independent national Albanian cultural creativity. To some extent this will depend on official Yugoslav attitudes. We heard some complaints that it is often hard to get through the "filter" of certain committees and other institutions of the federal bureaucracy in Belgrade, in particular with regard to foreign contacts. Inside Yugoslavia, the Kosovo artists find much understanding in Slovenia, where a self-representation of the Kosovo Albanians was staged. Kosovo artists also felt close to Bosnia by reason of the common Muslim heritage. On the other hand, they are always confronted with the "Serbian wall" and the Serbs' suspicion of anything that was Albanian. Incidentally, it is quite inevitable for the Muslim-oriental heritage and the interest in Turkish and Arab affairs to assume increasing interest in Albanian cultural life in Kosovo; many Albanians still live in those countries.

Also leading a busy intellectual life is the community of Albanian Catholics, though it has only 60,000 members. Not that these wish to represent anything like a "Western alternative" to the Muslim influenced cultural tradition. Both sides heed the words of Vaso Pasha from Shkodar, according to whom "Albanian nationalism is the religion of the Albanian," though of course not in that adulterated meaning given this phrase by Enver Hoxha in his campaign for the eradication of religion in Albania.

In the 1970's, possibly derived from an earlier tradition, the opinion arose among Kosovo Albanians that they were called upon to act as "arousers" with

regard to Albania proper also. This was the basis of the Tirana regime's fear of the Kosovo Albanians and (in addition to economic considerations) its efforts to maintain good relations with Belgrade rather than Pristina. We got the impression that the present cultural awakening among Kosovo Albanians is due to quite a large extent to the feeling of being culturally and intellectually responsible for all Albanians since no major change is to be anticipated in Albania itself. The Kosovo Albanians feel much the same about Albanians in other parts of Yugoslavia--Montenegro and, specially Macedonia--, where they are treated quite badly and certainly do not enjoy the relative freedom present in Kosovo--despite all complaints. Some Albanian intellectuals, in particular from Tetovo in Macedonia, actually went into "exile" in Kosovo. The all-Albanian sentiment of the young cultural elite in Kosovo has an echo abroad also. Some 30,000-40,000 Albanians from Yugoslavia live in the Federal Republic as guest workers or their families. Since the start of the economic crisis, emigration to America has increased, not least from the Albanian regions of Macedonia, and often illegally via Mexico.

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SOCIOLOGY

YUGOSLAVIA

WESTERN COMMENT ON ALBANIAN CULTURAL IDENTITY IN KOSOVO

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Nov 85 p 12

[Report by Viktor Meier, datelined Pristina, November: "Discrimination Leads to Self-Awareness"]

[Text] The "security situation" in Kosovo is said to be much improved. For the first time since the 1981 unrest, proper attention may now be devoted to issues of economic reconstruction. A first glance confirms this assessment by a high official of Albanian extraction: The presence of the police and the military is much less conspicuous in the region than it was 1 or 2 years ago. Some stirrings may be noted in the economy. Private enterprise has much increased, although official circles complain that private entrepreneurs continue to open coffee shops or grilled meat stands instead of starting up "productive" workshops. The all-Yugoslav "fund for less developed regions" has just about found its feet on the new basis. Half the moneys allocated to the region now flow directly to its economy instead of being channeled through the political authorities. Emphasis is on smaller investments. On the other hand, looked at from the all-Yugoslav aspect, the readiness to support Kosovo tends to slacken, in particular because the Serbian Republic as a whole now plans to join the ranks of aid recipients. At meetings, regional officials like to assert that Yugoslavia will simply have to pay if it wishes to settle the Kosovo problem.

Indeed, the Kosovo issue is still far from settled. On the contrary, it may well be even more thorny for Yugoslavia in its new and slightly altered guise. We were told that the young Albanians had realized that they would not get anywhere by demonstrations and graffiti. The struggle would therefore have to be shifted "to another level entirely." The final goal remains the same: Far reaching autonomy. This attitude tends to increasingly resemble the one adopted by the regime's official functionaries in Kosovo also, because the leaders of the Serbian Republic are evidently seeking to restrict the constitutional powers of the region which, just as the equally autonomous Vojvodina region, represents part of the federated republic.

It is quite evident that the Serbian leaders' campaign against conditions in and the authorities of the Kosovo region increases to the extent that the situation is calming down. Addressing the Yugoslav Central Committee, a high regional official used the word "baiting." Serbian arguments go in two directions: To begin with, the Serbian Republic is asserted to have a

constitutional claim to operate as a "homogenous republic," in other words without being hampered by special rights conceded the two autonomous regions. Secondly, the Kosovo authorities are accused of being obviously incapable of dealing with "Albanian nationalism"--provided they in fact make any serious attempt to that effect. Serbians and Montenegrins, for example, continue to be pressured to leave for resettlement elsewhere. In the view of the Serbians, "Albanian nationalism" appears to show its face as soon as an Albanian makes his identity known or even claims that his people are descended from the Illyrians. "By that, he means to say that he does not belong with us," a Serbian reporter says, describing his own standpoint as "communist."

Regional officials of Albanian extraction think it better to keep silent at this time. They campaign by the Serbian Republic may blow over and finally rebound on its originators. In defending its constitutional rights, Kosovo will be able to rely on the support of the other republics and the Vojvodina. Representatives of Albanian cultural life in Pristina do, however, admit that the Albanians are somewhat at a disadvantage when they wish to make their views known to the Yugoslav public at large. This may be an indication of the earlier purge of the university's teaching faculty, not least among the historians.

A particular aspect of discrimination is the persisting absence of relations with Albania, described by Kosovo Albanians as at least their cultural "motherland." Belgrade continues to insist that "privileged" relations between Tirana and Pristina are not admissible. All relations, of whatever kind, must go through all-Yugoslav channels. Albanian intellectuals in Kosovo feel this to be a slight. However, a new phenomenon has now emerged: They are also beginning to consider their Kosovo an individual cultural scene. Albanian cultural life flourishes in Kosovo, whether with respect to literature, painting or cinema. It is appreciated abroad (for example in the Mideast), due to being somewhat reminiscent of oriental modes of thought--the vast majority of Kosovo Albanians are Muslims. Kosovo is about to take on the cultural leadership of the Albanian nation. "Albania is not currently a partner," we were told by an intellectual. This statement shows some disappointment with the stagnation in Albania proper as well as pride in their own achievements.

Ever since 1981, Belgrade has officially insisted that "irrendentism" in Kosovo is receiving aid from Tirana. That is sheer propaganda, not believed by any well informed Yugoslavs either. In fact it is obvious that the Albanian regime is scared of what it calls the "unreliable"(because largely non-communist) "nationalists" of Kosovo. Kosovo refugees in Albania are isolated and usually returned to Yugoslavia. A few weeks ago, the Tirana regime again formally handed over to the Yugoslav authorities two political prisoners of Albanian extraction, who had fled across the border from prison in Pec. Tirana's action has been duly noted in Kosovo. On the one hand, it robbed of any credibility Belgrade's assertion of Albanian "interference." On the other it strengthened the impression already gaining ground in Kosovo that any closer ties with "this Albania," in other words the present regime, would be impossible and make no sense at all. While this appreciation must not be taken to represent the final abandonment of the distant goal of the "national unity" of all Albanians, it does imply a pragmatic interest (at least for the

foreseeable future) in a settlement within the Yugoslav framework.

As for Albania, senior officials in Kosovo do not anticipate any early significant change in that country. We were told that the Tirana leaders form a tight and closed group. The liquidation of former Premier Shehu had demonstrated that all power struggles proceed within the group, without any interference or pressure by forces from below. Ramiz Alia, the current leader, was said to be a product of that system and, moreover, tended to be rather weak personally. In the foreseeable future, he would certainly not be able to introduce any significant innovations.

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